

# Comprehensive Annual Financial Report



**For the Fiscal Year  
Ended June 30, 2007**



### **Georgia Symbols**

The picture montage on the front cover consists of various symbols or designations that were adopted over the years by official resolution by the Georgia General Assembly. These symbols include the azalea, the state wildflower; the honey bee, the state insect; and the peach, the state fruit. To learn more about our state symbols, please visit [http://www.sos.ga.gov/state\\_symbols/state\\_symbols.html](http://www.sos.ga.gov/state_symbols/state_symbols.html).

# State of Georgia

SONNY PERDUE, GOVERNOR

## Comprehensive Annual Financial Report For the Fiscal Year Ended June 30, 2007

Prepared by  
State Accounting Office





# State of Georgia

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# INTRODUCTORY SECTION

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January 31, 2008

The Honorable Sonny Perdue  
Governor of Georgia  
and  
Members of the General Assembly  
Citizens of the State of Georgia

The Comprehensive Annual Financial Report of the State of Georgia for the year ended June 30, 2007, is hereby submitted in accordance with the *Official Code of Georgia Annotated* 50-50b-3(7). Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the State's management. All disclosures necessary to enable the reader to gain an understanding of the State's financial activities have been included.

**Internal Controls.** Management of the State is responsible for establishing and maintaining internal accounting controls designed to ensure that assets are safeguarded and that financial transactions are properly recorded and adequately documented. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived and that the valuation of costs and benefits requires estimates and judgments by management.

**Independent Audit.** The financial statements of the organizations comprising the State reporting entity have been separately examined and reported on by either the State Auditor or independent certified public accountants. The accompanying financial statements for the State of Georgia have been prepared from the results of those examinations. The State Auditor's opinion thereon appears at the beginning of the Financial Section of this report.

Federal laws and regulations require that the State undergo an annual audit in conformity with the Single Audit Act Amendments of 1996 and the U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Information related to the single audit, which includes a schedule of expenditures of federal awards, a report on internal control and compliance applicable to each major program, and a schedule of findings and questioned costs, is included in a separately issued State of Georgia Single Audit Report. Also included is a report on internal control over financial reporting and compliance with certain laws, regulations, contracts and grants in accordance with *Government Auditing Standards*.

**Management's Discussion and Analysis (MD&A).** The discussion and analysis immediately following the report of the independent auditors provides an overview and analysis of the State's Basic Financial Statements, with a focus on the primary government and its activities. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it.

## PROFILE OF THE GOVERNMENT

The State of Georgia was the last of the original 13 colonies, founded on February 12, 1733, and became the fourth state by ratifying the U. S. Constitution on January 2, 1788. Georgia is an economic hub of the southeast. The capital in Atlanta is the major economic and population center of the State with major regional economic and population centers in Augusta, Savannah, and Macon. Georgia's economic base is diverse with major port facilities on the coast, agricultural resources throughout the state, manufacturing and service industries, and is a major transportation hub with the busiest airport in the nation. Georgia is the ninth largest state with a population of 9.54 million people.

**Structure.** The *Constitution of the State of Georgia* provides the basic framework for the State's government, which is divided into three separate branches: legislative, executive, and judicial. The duties of each branch are outlined in the *Constitution* and in the *Official Code of Georgia Annotated*. State government services provided to citizens include education, health and welfare, transportation, public safety, economic development, recreation and conservation.

This report presents information on the financial position and operations of state government as one reporting entity. The various agencies, departments, boards, commissions and other organizational units of Georgia state government which constitute the State financial reporting entity are included in the Comprehensive Annual Financial Report in accordance with criteria established by the Governmental Accounting Standards Board. Accordingly, this report contains information on Georgia's *primary government*, and on *component units* that are financially accountable to the State.

**Budgetary Control.** The State constitution requires the governor to submit an annual appropriation recommendation to the General Assembly within the first 5 days of the General Assembly convening in general session. The General Assembly appropriates funds in the general appropriations act to cover operations of the state. The *Constitution* limits the amount of the appropriations to the amount available in unappropriated surplus at the beginning of the fiscal year together with the anticipated treasury receipts to be collected during the fiscal year. Annual appropriated budgets are adopted at the departmental and program by funding source level and are applicable primarily to the general fund. All unencumbered annual appropriations lapse at fiscal year end unless otherwise specified by the *Constitution* or statute. The *Constitution* further authorizes the passage of supplementary appropriations acts for specific purposes, provided sufficient unappropriated funds are available or additional revenue measures have been enacted. Federal funds received by the State are continually appropriated in the exact amounts and for the purposes authorized and directed by the awarding federal agency.

The budgetary basis of accounting required by state law differs materially from the basis used to report revenues and expenditures in accordance with generally accepted accounting principles (GAAP). In addition, the fund structure utilized to implement the annual budget differs extensively from the fund structure presented in these financial statements.

A separately published *Budgetary Compliance Report* is issued annually to provide the General Assembly with information concerning financial compliance with the Amended Appropriations Act.

## FACTORS AFFECTING FINANCIAL CONDITION

**Cash Management.** The State Depository Board is designated by State law as the oversight Board for Georgia's cash management and investment policies. The Office of Treasury and Fiscal Services ("OTFS") acts as the administrative agent of the Board. As more fully discussed in Notes 1 and 4 to the Basic Financial Statements, OTFS invests temporarily idle cash in statewide investment pools. All such funds are invested considering first the probable safety of capital and then probable income, while meeting daily cash flow requirements and conforming to all statutes governing the investment of public funds.

**Debt Administration.** The Georgia State Financing and Investment Commission, an agency of the State, is empowered by law to receive the proceeds from the issuance of State of Georgia general obligation and guaranteed revenue debt, to provide for the proper application and use of the debt proceeds, and to establish the procedures for protecting the holders of such debt. The Commission maintains a debt management plan used as a tool to help the State make funding decisions to meet its highest priority capital project requirements, while not exceeding debt affordability standards generally deemed important by the debt markets and rating agencies. The recommended debt levels are lower than the constitutional limits. Detailed information on outstanding bonds and other long-term debt is reflected in the Financial (Notes to the Financial Statements) and Statistical Sections of this report.

**Pension Trust Funds.** Total net assets of the State's defined benefit pension plans reached \$70 billion at June 30, 2007, an increase of \$7.5 billion over the prior fiscal year. Of the State's fourteen (14) defined benefit plans, the Employees' Retirement System and the Teachers' Retirement System represent more than 96 percent of the total net assets. The State's deferred compensation plans report net assets of \$957 million at June 30, 2007. Financial activities of the individual pension trust funds are presented in the supplementary information for fiduciary funds. Additional disclosures relating to the State's pension trust funds are provided in Note 17 to the basic financial statements.

**Risk Management.** The State is self-insured against certain property and liability claims, including workers' compensation and unemployment compensation. The Risk Management Funds were established to accumulate reserves for certain property and liability risks and to pay for commercial insurance coverage. Revenues are generated from premiums charged to state and local government organizations. Various risk control techniques are utilized to minimize accident-related losses; risk managers also identify unique loss exposures and develop strategies to reduce the cost of risk associated with individual business operations.

**Economic Conditions and Outlook.** Georgia's economy in fiscal year 2007 continued its recent rapid growth following the recession of 2001.

Key components of the tax stream most closely associated with the state's economic trends and conditions continued to experience year over year revenue growth in fiscal year 2007. These include the individual income tax, sales and use tax, and corporate income tax. Based on revenues reported on a statutory basis, fiscal year 2007 individual income tax revenues grew 10 percent over fiscal year 2006. Fiscal year 2007 sales and use tax revenues grew by 3.6 percent, while corporate income tax revenues grew by 18.1 percent. This is the third consecutive year in which corporate income tax revenues have experienced growth rates in excess of ten percent. Estimated payments by corporations grew by 20.5 percent; this growth reflects, in part, the high growth rate in corporate profits reported by the U. S. Bureau of Economic Analysis. Refunds to corporate taxpayers were up 19.8 percent, and assessments to corporate taxpayers were down 20.9 percent for the fiscal year.

Economic indicators for Georgia demonstrate that the state's economy continues to grow although growth has moderated since fiscal year 2006.

The unemployment rate remains low in Georgia at 4.6 percent for September 2007. This compares to the U. S. unemployment rate of 4.7 percent the same month. An unemployment rate of approximately 5 percent is generally considered to constitute full employment. The number of establishments reporting employment activity that are located in Georgia continues to expand. For the fourth quarter of 2006, the latest data available, the number of establishments in Georgia increased by 4.5 percent over the prior year. This compares to 3 percent for the U. S. as a whole.

Personal income is another key indicator of economic conditions in Georgia. Total personal income continues to expand. In the second quarter of 2007, personal income in Georgia grew 1.1 percent over the prior quarter. This is slightly less than the growth rate of the U. S. as a whole, which grew 1.2 percent.

The economic outlook for Georgia is clouded by the national housing downturn, high energy prices and slowing consumer spending. The housing slowdown is affecting the economy directly through lower construction activity and indirectly through its impact on consumers' financial situations due to declining prices in some regions and tougher mortgage lending standards. Oil prices have risen dramatically and this is expected to constrain consumers' discretionary spending. In addition, drought conditions in Georgia and other parts of the southeast could have an impact on agriculture and manufacturing activity in the state.

## MAJOR INITIATIVES

**Educated Georgia.** A major focus, demonstrated through continuous improvements to the quality of education in the State, is to ensure that Georgia students are well prepared for the future. The State, which provided nearly \$7.4 billion in funding for enrollment of over 1.6 million students, a 2.65 percent increase over FY 2006, is committed to strategic initiatives designed to increase the graduation rate and to improve student achievement.

**Healthy Georgia.** Emphasis is being placed on services in community settings and serving individuals in homes as opposed to institutional settings. Child care and safety are being addressed with technology and programs to improve service delivery. Care management, eligibility verification, and utilization controls have reduced the rate of growth in both Medicaid and PeachCare for Kids. In addition, the Department of Community Health has implemented strategic premium pricing in the State Health Benefit Plan to help drive employees towards lower-cost consumer-driven health plans. The State's cost containment initiatives are estimated to save \$4.2 billion over 5 years.

**Safe Georgia.** The State continues to address a growing prison population with increased funding for facilities and rehabilitation and drug treatment programs. Funding targets law enforcement, DUI courts, drug enforcement, treatment and prevention programs continue to receive attention and funding.

**Best Managed.** The State continues to focus on efforts to place Georgia on an efficient and effective foundation. The Commission for a New Georgia is an innovative public-private partnership formed to create breakthrough ideas to help Georgia become a better-managed state and to envision Georgia's strategic future. Initiatives to improve government operations are focused on procurement processes, facilities and fleet asset management, customer service, employee management, financial management and strategic planning. In maintaining the State's pursuit of fiscal responsibility, the Governor and legislature have taken steps to fund the State's annual required contributions for retired state employees' health care with an initial appropriation of \$147 million in fiscal year 2008 with additional increases in fiscal year 2009.

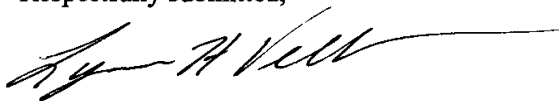
**Growing Georgia.** . Georgia continues to be one of the fastest growing states in the nation with a population increase of 2.2 percent between July 2006 and July 2007, the fastest growth in the South. Meeting the demands of an ever increasing population requires major investment in infrastructure maintenance and development. The State continues to invest in transportation to improve highways around our rapidly growing cities and to spur economic development around the state. Support for local road construction remains at record levels. Growth demands that we continue to protect our environment and expand access to natural areas throughout the state. The State's first Statewide Water Management Plan has been presented to the General Assembly providing a framework to measure water resources, to forecast supply and capacity needs for future growth and to identify regional solutions to water needs. The Plan will help ensure that Georgia manages water resources in a sustainable manner to support the State's economy, to protect public health and natural systems, and to enhance the quality of life for all citizens.



## CONCLUSION AND ACKNOWLEDGEMENTS

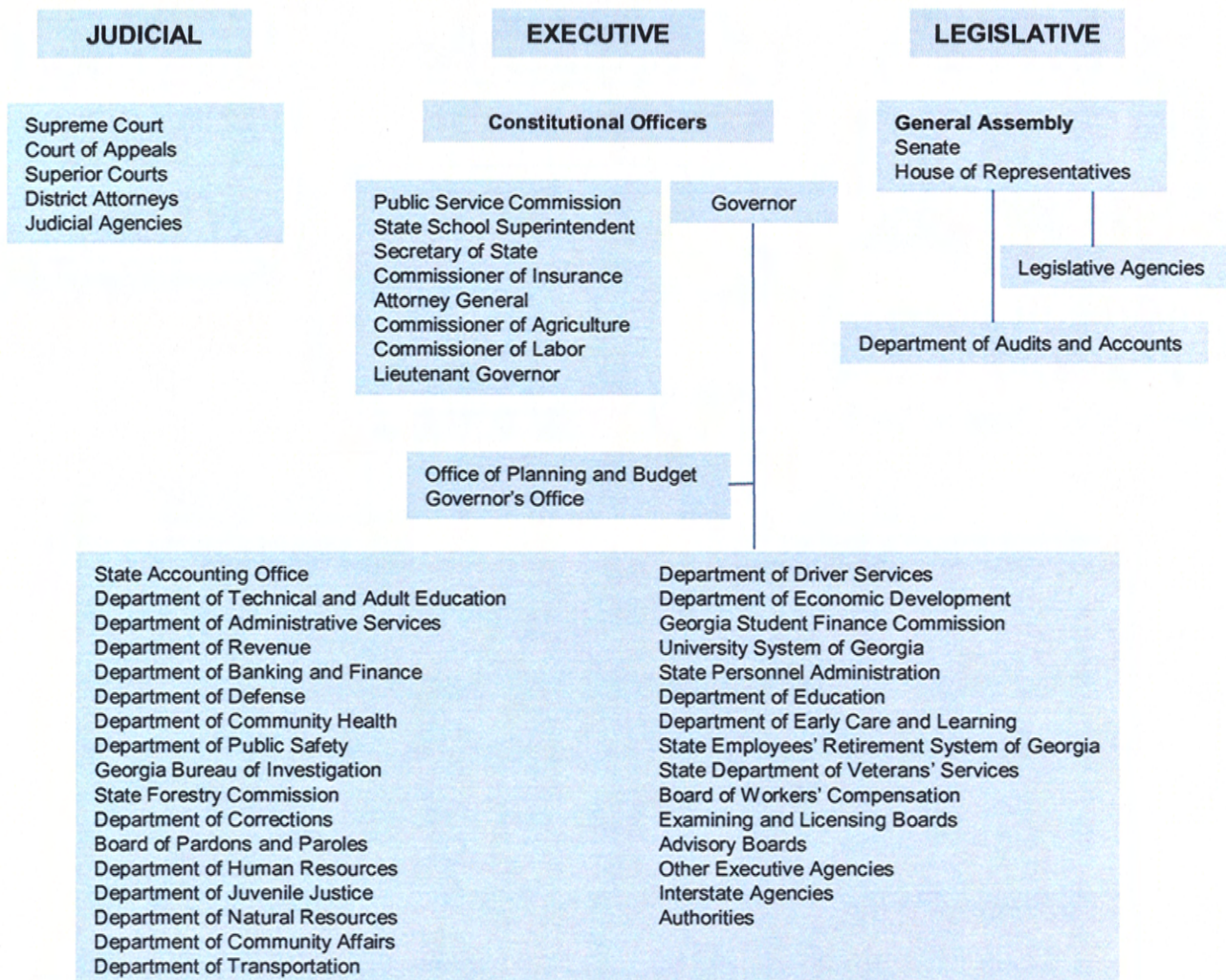
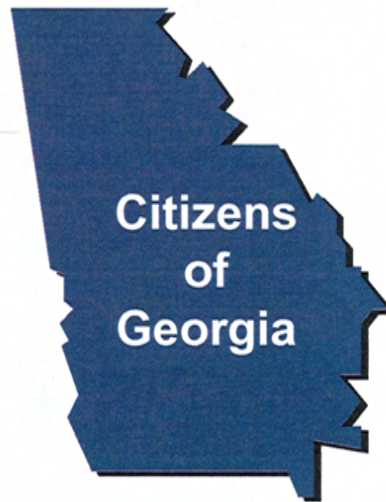
We hope this report provides information useful in evaluating the financial activity of the State of Georgia. We express our appreciation to the fiscal managers and staff throughout State government, and to the Department of Audits and Accounts for their dedicated efforts in assisting us in the completion of this report.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Lynn H. Vellinga", with a long horizontal flourish extending to the right.

Lynn H. Vellinga, CPA  
State Accounting Officer

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# State of Georgia

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## Principal State Officials and Acknowledgements

June 30, 2007

### Executive:

Sonny Perdue ..... *Governor*  
Karen C. Handel.....*Secretary of State*  
Thurbert E. Baker ..... *Attorney General*  
Michael L. Thurmond ..... *Commissioner of Labor*  
Kathy Cox ..... *State Superintendent of Schools*  
John W. Oxendine..... *Commissioner of Insurance*  
Thomas T. Irvin ..... *Commissioner of Agriculture*  
Robert “Bobby” Baker, Jr., Chairman..... *Public Service Commissioner*  
Chuck Eaton..... *Public Service Commissioner*  
H. Doug Everett ..... *Public Service Commissioner*  
Angela Elizabeth Speir..... *Public Service Commissioner*  
Stan Wise ..... *Public Service Commissioner*

### Legislative:

Casey Cagle ..... *Lieutenant Governor/President of the Senate*  
Glenn Richardson..... *Speaker of the House of Representatives*

### Judicial:

Leah Ward Sears ..... *Chief Justice of the Supreme Court*

### Acknowledgements:

Report prepared by  
Sandra A. Warr  
Ellen K. Tate  
Chuck Hoover  
Jennifer B. Williams  
Zeina Diallo  
Eddy A. Hicks  
Chris A. Evans

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# FINANCIAL SECTION

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# DEPARTMENT OF AUDITS AND ACCOUNTS

270 Washington St. S.W. Suite 1-156

Atlanta, Georgia 30334

**RUSSELL W. HINTON**

STATE AUDITOR

(404) 656-2174

## INDEPENDENT AUDITOR'S REPORT

The Honorable Sonny Perdue  
Governor of Georgia  
and  
Members of the General Assembly  
of the State of Georgia

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Georgia as of and for the year ended June 30, 2007, which collectively comprise the State's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the State's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of certain organizations. These organizations reflect the following percentages of total assets and revenues or additions of the indicated opinion units:

| Opinion Unit   | Percent of Opinion Unit's Total Assets | Percent of Opinion Unit's Total Revenues/Additions |
|--|--|--|
| Governmental Activities  | 11%                                    | 22%  |
| Business-Type Activities   | 6%                                     | 9%   |
| Aggregate Discretely Presented Component Units                         | 92%                                    | 94%  |
| Governmental Fund - General Fund                                       | 9%                                     | 17%  |
| Governmental Fund - Georgia State Financing and Investment Commission  | 100%                                   | 100%   |
| Proprietary Fund/Enterprise Fund -State Employees' Health Benefit Plan | 100%                                   | 100%   |
| Aggregate Remaining Fund Information                                   | 90%                                    | 52%  |

The financial statements of these organizations and component units were audited by other auditors whose reports have been furnished to us, and our opinions, insofar as they relate to the amounts included for those financial statements, are based solely upon the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the Georgia Lottery Corporation, Georgia College and State University Foundation, Georgia Southern University Housing Foundation, Inc., Georgia State University Foundation, Georgia Tech Athletic Association, Georgia Tech

Facilities, Inc., Georgia Tech Foundation, Inc., Kennesaw State University Foundation, Inc., Medical College of Georgia Foundation, Inc., Medical College of Georgia Physician's Practice Group Foundation, University of Georgia Athletic Association, Inc., and the University of Georgia Foundation were audited in accordance with auditing standards generally accepted in the United States of America but were not audited in accordance *Government Auditing Standards* issued by the Comptroller General of the United States. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the State's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinions. Georgia statutes, in addition to audit responsibilities, entrust other responsibilities to the Department of Audits and Accounts. Those responsibilities included service by the State Auditor on the governing boards of various agencies, authorities, commissions, and component units of the State of Georgia. The Department of Audits and Accounts elected to not provide audit services for the organizational units of the State of Georgia associated with these boards. The Department of Audits and Accounts has also elected to not provide audit services for the Department of Community Health (DCH) due to a contractual obligation with DCH to conduct certain non-audit services.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Georgia as of June 30, 2007, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The financial statements of the general fund reflect accounts payable in the amount of \$913,094,345.00 which represents the State of Georgia's liability for teachers salaries earned before June 30, 2007, but not paid until July and August, 2007. State appropriations for the subsequent fiscal year were available for obligation even though the period to which the appropriation applied had not begun. The recognition of this liability at June 30, 2007, however, is not in accordance with generally accepted accounting principles as promulgated by Governmental Accounting Standards Board (GASB) Statement 33 because the subsequent fiscal year had not begun. We believe, however, the omission of this liability would cause the financial statements of the State of Georgia to be misleading.

As discussed in Note 3 to the basic financial statements, the State of Georgia made changes in the presentation of organizations within its financial reporting framework, most notably the presentation of the State Road and Tollway Authority. The State Road and Tollway Authority, a component unit which was previously discretely presented, is now blended into the primary government.

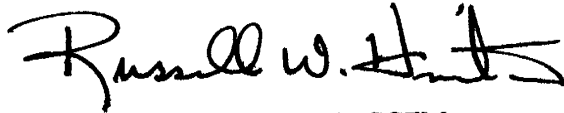
As discussed in Note 3 to the basic financial statements, the State of Georgia implemented Governmental Accounting Standards Board Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* for fiscal year 2007.

In accordance with *Government Auditing Standards*, we will issue our report dated January 31, 2008, on our consideration of the State of Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The accompanying management's discussion and analysis on pages 7 through 18 and the required supplementary information on pages 100 through 116 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the State of Georgia's basic financial statements. The Introductory Section, the Supplementary Information – Combining Statements, and the Statistical Section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Supplementary Information - combining statements on pages 120 through 189 has been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, in our opinion, based on our audit and the reports of other auditors, is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The Introductory Section on pages i through ix and the Statistical Section on pages 193 through 215 have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Russell W. Hinton", with a stylized flourish at the end.

Russell W. Hinton, CPA, CGFM  
State Auditor

January 31, 2008

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

Management of the State of Georgia provides this *Management's Discussion and Analysis* of the State of Georgia's Comprehensive Annual Financial Report (CAFR) for readers of the State's financial statements. This narrative overview and analysis of the financial activities of the State of Georgia is for the fiscal year ended June 30, 2007. We encourage readers to consider this information in conjunction with the additional information that is furnished in the letter of transmittal, which can be found in the Introductory Section of this report, and with the State's financial statements, which follow this narrative.

### FINANCIAL HIGHLIGHTS

#### Government-Wide

The assets of the State exceeded its liabilities at the close of the fiscal year by \$22.3 billion (reported as "*net assets*"). Of this amount, \$2.7 billion (reported as "*unrestricted net assets*") may be used to meet the State's ongoing obligations to citizens and creditors. Component units of the State reported net assets of \$5.8 billion for the fiscal year ended June 30, 2007. The State's total net assets (including restatement of the prior year balance) increased by \$1.9 billion.

#### Fund Level

*Governmental Funds* – As of the close of the current fiscal year, the State's governmental funds reported a combined ending fund balance of \$7.2 billion, with \$3.7 billion of this total available for spending at the government's discretion (*unreserved fund balance*).

*Proprietary Funds* – Net assets at the end of fiscal year 2007 totaled \$7.5 billion. Total net assets for the Enterprise Funds (including restatement of the prior year balance) increased by \$518 million during the fiscal year; Internal Service Funds (including restatement of the prior year balance) increased by \$18 million. These increases do not include the effect of the restatement of prior year balances due to the reporting changes of the Georgia Technology Authority from a nonmajor enterprise fund to an internal service fund and a portion of the activity of the State Road and Tollway Authority from a discretely presented component unit to a nonmajor enterprise fund.

#### Long-Term Liabilities

The State's long-term liabilities totaled \$10.5 billion at June 30, 2007. General obligation debt is the major component comprising 73 percent of these liabilities.

### OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the State of Georgia's basic financial statements. The State's basic financial statements include three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains required supplementary information and supplementary information - combining statements in addition to the basic financial statements.

#### Government-Wide Financial Statements: Reporting the State as a Whole

The government-wide financial statements are designed to provide readers with a broad overview of the State of Georgia's finances, in a manner similar to the private sector. These financial statements provide both short-term and long-term information about the State's financial status, which assists in assessing the State's financial condition at the end of the fiscal year. The statements are prepared using the flow of economic resources measurement focus and the accrual basis of accounting, and report financial information about the entire government except fiduciary activities. The government-wide financial statements include two statements:



The *Statement of Net Assets* presents all of the State's assets and liabilities, with the difference between the two reported as "net assets". Over time, increases and decreases in net assets may serve as a useful indicator of whether the State's financial position is improving or deteriorating.

The *Statement of Activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Therefore, revenues and expenses are reported in this statement for some items that will not result in cash flows until future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave). This statement also presents a comparison between direct expenses and program revenues for each function of the State.

Both of the above financial statements report three activities:

*Governmental Activities* – Taxes and intergovernmental revenues principally fund the activities reported within this section. The majority of the State's basic services fall under this activity including general government, education, health and welfare, transportation, public safety, economic development and assistance, culture and recreation, conservation, and interest on long-term debt.

*Business-Type Activities* – These activities normally are intended to recover all or a significant portion of their costs through user fees and charges to external users of goods and services. The most significant business-type activities of the State include the operations of the Unemployment Compensation Fund (by the Georgia Department of Labor), the self-insured State Employees' Health Benefit Plan (by the Georgia Department of Community Health) and the programs of the Higher Education Fund (by the Board of Regents of the University System of Georgia and the Georgia Department of Technical and Adult Education).

*Discretely Presented Component Units* – Although these organizations are legally separate, the State is financially accountable for them. Financial information for these component units is reported on the government-wide statements separately from the financial information presented for the primary government. For the most part, these entities operate similar to private sector businesses and the business-type activities described above. The State's most significant discretely presented component units are Georgia Environmental Facilities Authority, Georgia Housing and Finance Authority, Georgia Lottery Corporation, and Georgia Tech Foundation, Incorporated.

The government-wide financial statements can be found immediately following this discussion and analysis.

### **Fund Financial Statements: Reporting the State's Most Significant Funds**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The State of Georgia, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The fund financial statements focus on individual parts of the State government (not on the State as a whole), reporting the State's operations in more detail than the government-wide statements. All of the funds of the State of Georgia can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds. These fund categories use different accounting approaches and should be interpreted differently.

*Governmental Funds* – Most of the basic services provided by the State are financed through governmental funds. These funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, the governmental fund financial statements focus on short-term inflows and outflows of spendable resources. They also focus on the balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the government's short-term financing requirements. This approach is known as using the flow of current financial resources measurement focus and the modified accrual basis of accounting. These statements provide a detailed short-term view of the State's finances that assists in determining whether there will be adequate financial resources available to meet the current needs of the State.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's short-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and the governmental activities. These reconciliations are presented on the page immediately following each governmental fund financial statement.

The State of Georgia maintains eleven individual governmental funds. The State's two major governmental funds are the General Fund and the Georgia State Financing and Investment Commission (GSFIC), which is a capital projects fund. Information for each major fund is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances. Data for the remaining nine governmental funds are combined into a single, aggregated presentation. A portion of the activities of the State Road and Tollway Authority, previously reported as a discretely presented component unit, is now reported as a special revenue fund. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The basic governmental fund financial statements can be found immediately following the government-wide statements.

*Proprietary Funds* – The State of Georgia maintains two different types of proprietary funds. When the State charges customers for the services it provides, whether to customers outside the State of Georgia reporting entity (*enterprise funds*) or to other organizations within the reporting entity (*internal service funds*), these services are reported in proprietary funds.

The State of Georgia's proprietary funds include four enterprise funds and seven internal service funds. The State's three major enterprise funds are the Higher Education Fund, the State Employees' Health Benefit Plan and the Unemployment Compensation Fund. A portion of the activities of the State Road and Tollway Authority, previously reported as a discretely presented component unit, is now reported as an enterprise fund. The Georgia Technology Authority, previously reported as a nonmajor enterprise fund, is now reported as an internal service fund. As there is only one nonmajor enterprise fund, combining statements are not required. The enterprise funds are the same as the business-type activities reported in the government-wide statements, but more detail is provided for each of these funds in the proprietary fund statements. Conversely, all seven internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal services funds is provided in the form of *combining statements* elsewhere in this report. Since the internal service funds benefit both the governmental functions and the business-type functions, they have been proportionately included within the governmental activities and the business type activities in the government-wide financial statements.

The basic proprietary fund financial statements can be found immediately following the governmental fund financial statements.

*Fiduciary Funds and Similar Component Units: The State as Trustee* – These funds are used to account for resources held for the benefit of parties outside the state government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of these funds are not available to support the State's own programs; instead, the State is responsible for using the fiduciary assets for the fiduciary fund's intended purposes. The accounting used for fiduciary funds is much like that used for proprietary funds.

The State's fiduciary funds are the Pension and Other Employee Benefit Trust Funds (fourteen separate defined benefit retirement systems, two deferred compensation/defined contribution pension plans, two other postemployment benefit plans and one other employee benefit plan), the Investment Trust Funds (which account for the transactions, assets, liabilities and fund equity of external investment pools), Private-Purpose Trust Funds (which account for assets held by the government in a trustee capacity), and Agency Funds (which account for the assets held for distribution by the State as an agent for other governmental units, other organizations or

individuals). Individual fund data for the fiduciary funds and similar component units can be found in the *combining statements* elsewhere in this report.

The basic fiduciary fund financial statements can be found immediately following the proprietary fund financial statements.

### Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found immediately following the fiduciary funds and similar component units' financial statements.

### Required Supplementary Information

In addition to this Management's Discussion and Analysis, which is required supplementary information, the basic financial statements are followed by a section of other required supplementary information. This section includes (1) a budgetary comparison schedule and accompanying reconciliation to the governmental fund financial statements, and (2) pension and other postemployment benefit plan funding information.

### Supplementary Information – Combining Statements

The combining statements referred to earlier in connection with nonmajor governmental funds, internal service funds, fiduciary funds and nonmajor component units are presented following the required supplementary information. The total columns of these combining financial statements carry to the applicable fund financial statements.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

### Net Assets

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. The State of Georgia's combined assets (governmental and business-type activities) exceeded liabilities by \$22.3 billion at the end of fiscal year 2007.

### State of Georgia Net Assets as of June 30, 2007 and 2006 (expressed in thousands)

|                             | Governmental<br>Activities |                      | Business-Type<br>Activities |                     | Total Primary<br>Government |                      |
|-----------------------------|----------------------------|----------------------|-----------------------------|---------------------|-----------------------------|----------------------|
|                             | 2007                       | 2006                 | 2007                        | 2006                | 2007                        | 2006                 |
| Current and Other           |                            |                      |                             |                     |                             |                      |
| Non-current Assets          | \$ 11,595,370              | \$ 9,893,574         | \$ 3,347,173                | \$ 3,087,241        | \$ 14,942,543               | \$ 12,980,815        |
| Net Capital Assets          | 17,110,136                 | 16,077,655           | 5,791,696                   | 5,224,193           | 22,901,832                  | 21,301,848           |
| <b>Total Assets</b>         | <b>\$ 28,705,506</b>       | <b>\$ 25,971,229</b> | <b>\$ 9,138,869</b>         | <b>\$ 8,311,434</b> | <b>\$ 37,844,375</b>        | <b>\$ 34,282,663</b> |
| Non-current Liabilities     | \$ 9,064,434               | \$ 7,182,149         | \$ 1,434,074                | \$ 1,013,705        | \$ 10,498,508               | \$ 8,195,854         |
| Current Liabilities         | 4,205,437                  | 4,355,564            | 769,309                     | 768,626             | 4,974,746                   | 5,124,190            |
| <b>Total Liabilities</b>    | <b>\$ 13,269,871</b>       | <b>\$ 11,537,713</b> | <b>\$ 2,203,383</b>         | <b>\$ 1,782,331</b> | <b>\$ 15,473,254</b>        | <b>\$ 13,320,044</b> |
| <b>Net Assets</b>           |                            |                      |                             |                     |                             |                      |
| Invested in Capital Assets, |                            |                      |                             |                     |                             |                      |
| Net of Related Debt         | \$ 10,804,344              | \$ 11,274,666        | \$ 4,582,190                | \$ 4,387,218        | \$ 15,386,534               | \$ 15,661,884        |
| Restricted                  | 2,398,250                  | 2,164,233            | 1,877,790                   | 1,767,054           | 4,276,040                   | 3,931,287            |
| Unrestricted                | 2,233,041                  | 994,617              | 475,506                     | 374,831             | 2,708,547                   | 1,369,448            |
| <b>Total Net Assets</b>     | <b>\$ 15,435,635</b>       | <b>\$ 14,433,516</b> | <b>\$ 6,935,486</b>         | <b>\$ 6,529,103</b> | <b>\$ 22,371,121</b>        | <b>\$ 20,962,619</b> |

The largest portion of the State of Georgia's net assets (69 percent) reflects its investment in capital assets (e.g., land, buildings, machinery and equipment, infrastructure) less any related debt used to acquire those assets that is still outstanding. Infrastructure assets comprise 43 percent of the State's capital assets, net of accumulated depreciation. The State uses capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the State's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the State's net assets (19 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets may be used at the State's discretion to meet ongoing obligations to citizens and creditors, however, certain portions of unrestricted net assets have internal designations. Internally imposed designations of resources are not presented as restricted net assets.

At the end of the current fiscal year, the State is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities.

### Changes in Net Assets

The revenues and expenses information, shown in the table below and on the following page, was derived from the government-wide Statement of Activities and reflects how the State's net assets changed during the fiscal year. The State of Georgia earned program revenues of \$20.0 billion and general revenues of \$18.7 billion, totaling \$38.7 billion during Fiscal Year 2007. Expenses for the State during Fiscal Year 2007 were \$36.8 billion.

The State's net assets (including restatement of the prior year balance) increased by \$1.9 billion during the current fiscal year. The economic information presented later in this discussion and analysis provides insight into the conditions of the State that have caused this to occur.

### State of Georgia Changes in Net Assets for the Years Ended June 30, 2007 and 2006 (expressed in thousands)

|                                    | Governmental<br>Activities |                      | Business-Type<br>Activities |                     | Total<br>Primary<br>Government |                      |
|------------------------------------|----------------------------|----------------------|-----------------------------|---------------------|--------------------------------|----------------------|
|                                    | 2007                       | 2006                 | 2007                        | 2006                | 2007                           | 2006                 |
| <b>Revenues:</b>                   |                            |                      |                             |                     |                                |                      |
| Program Revenues:                  |                            |                      |                             |                     |                                |                      |
| Charges for Services               | \$ 2,751,043               | \$ 1,920,700         | \$ 1,715,445                | \$ 1,744,522        | \$ 4,466,488                   | \$ 3,665,222         |
| Operating Grants and Contributions | 10,041,218                 | 9,393,686            | 4,214,533                   | 4,374,153           | 14,255,751                     | 13,767,839           |
| Capital Grants and Contributions   | 1,213,420                  | 1,032,961            | 48,490                      | 45,965              | 1,261,910                      | 1,078,926            |
| General Revenues:                  |                            |                      |                             |                     |                                |                      |
| Taxes                              | 17,875,984                 | 16,159,593           | -                           | -                   | 17,875,984                     | 16,159,593           |
| Rents and Royalties                | -                          | -                    | 47                          | -                   | 47                             | -                    |
| Unrestricted Investment Income     | 470,480                    | 196,422              | 147,034                     | 110,942             | 617,514                        | 307,364              |
| Unclaimed Property                 | 140,367                    | 107,149              | -                           | -                   | 140,367                        | 107,149              |
| Other                              | 54,317                     | 958,131              | -                           | -                   | 54,317                         | 958,131              |
| <b>Total Revenues</b>              | <b>\$ 32,546,829</b>       | <b>\$ 29,768,642</b> | <b>\$ 6,125,549</b>         | <b>\$ 6,275,582</b> | <b>\$ 38,672,378</b>           | <b>\$ 36,044,224</b> |

(continued)

**State of Georgia**  
**Changes in Net Assets for the Years Ended June 30, 2007 and 2006 (continued)**  
**(expressed in thousands)**

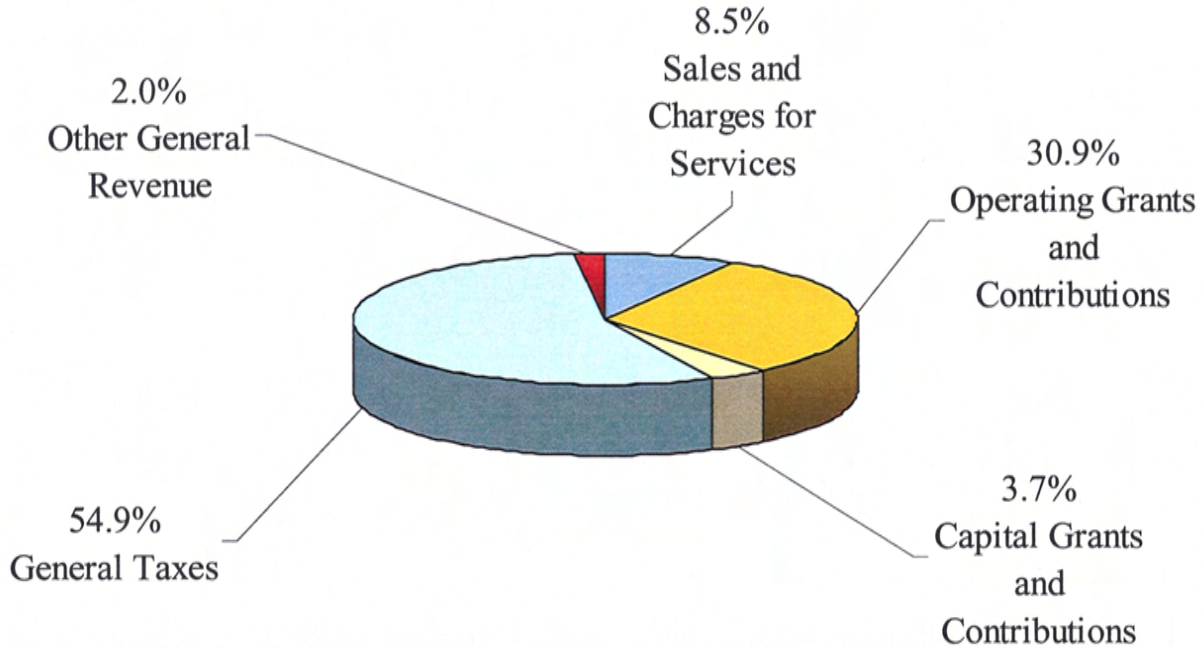
|   | <b>Governmental</b>  |                      | <b>Business-Type</b>  |                       | <b>Total<br/>Primary</b> |                      |
|---|----------------------|----------------------|-----------------------|-----------------------|--------------------------|----------------------|
|   | <b>Activities</b>    |                      | <b>Activities</b>     |                       | <b>Government</b>        |                      |
|   | <b>2007</b>          | <b>2006</b>          | <b>2007</b>           | <b>2006</b>           | <b>2007</b>              | <b>2006</b>          |
| <b>Expenses:</b>  |                      |                      |                       |                       |                          |                      |
| General Government  | \$ 1,830,659         | \$ 1,562,693         | \$ -                  | \$ -                  | \$ 1,830,659             | \$ 1,562,693         |
| Education   | 9,948,891            | 9,030,145            | -                     | -                     | 9,948,891                | 9,030,145            |
| Health and Welfare  | 11,764,652           | 11,238,207           | -                     | -                     | 11,764,652               | 11,238,207           |
| Transportation  | 1,705,285            | 1,624,369            | -                     | -                     | 1,705,285                | 1,624,369            |
| Public Safety   | 1,891,555            | 1,715,838            | -                     | -                     | 1,891,555                | 1,715,838            |
| Economic Development and Assistance                       | 759,979              | 696,800              | -                     | -                     | 759,979                  | 696,800              |
| Culture and Recreation                                    | 286,132              | 263,813              | -                     | -                     | 286,132                  | 263,813              |
| Conservation  | 102,149              | 60,660               | -                     | -                     | 102,149                  | 60,660               |
| Interest and Other Charges on Long-Term Debt              | 385,449              | 326,741              | -                     | -                     | 385,449                  | 326,741              |
| Georgia Technology Authority                              | -                    | -                    | -                     | 176,153               | -                        | 176,153              |
| Higher Education Fund                                     | -                    | -                    | 5,592,755             | 5,292,112             | 5,592,755                | 5,292,112            |
| State Employees' Health Benefit Fund                      | -                    | -                    | 1,868,431             | 2,182,743             | 1,868,431                | 2,182,743            |
| State Road and Tollway Authority                          | -                    | -                    | 12,845                | 12,845                | -                        | -                    |
| Unemployment Compensation                                 | -                    | -                    | 626,058               | 582,171               | 626,058                  | 582,171              |
| <b>Total Expenses</b>                                     | <b>\$ 28,674,751</b> | <b>\$ 26,519,266</b> | <b>\$ 8,100,089</b>   | <b>\$ 8,233,179</b>   | <b>\$ 36,774,840</b>     | <b>\$ 34,752,445</b> |
| <b>Increase (Decrease) in Net Assets Before Transfers</b> | <b>\$ 3,872,078</b>  | <b>\$ 3,249,376</b>  | <b>\$ (1,974,540)</b> | <b>\$ (1,957,597)</b> | <b>\$ 1,897,538</b>      | <b>\$ 1,291,779</b>  |
| <b>Transfers</b>  | <b>(2,478,882)</b>   | <b>(2,306,278)</b>   | <b>2,478,882</b>      | <b>2,306,278</b>      | <b>-</b>                 | <b>-</b>             |
| <b>Change in Net Assets</b>                               | <b>\$ 1,393,196</b>  | <b>\$ 943,098</b>    | <b>\$ 504,342</b>     | <b>\$ 348,681</b>     | <b>\$ 1,897,538</b>      | <b>\$ 1,291,779</b>  |
| <b>Net Assets, July 1 - Restated</b>                      | <b>14,042,439</b>    | <b>13,490,418</b>    | <b>6,431,144</b>      | <b>6,180,422</b>      | <b>20,473,583</b>        | <b>19,670,840</b>    |
| <b>Net Assets, June 30</b>                                | <b>\$ 15,435,635</b> | <b>\$ 14,433,516</b> | <b>\$ 6,935,486</b>   | <b>\$ 6,529,103</b>   | <b>\$ 22,371,121</b>     | <b>\$ 20,962,619</b> |

**Governmental Activities**

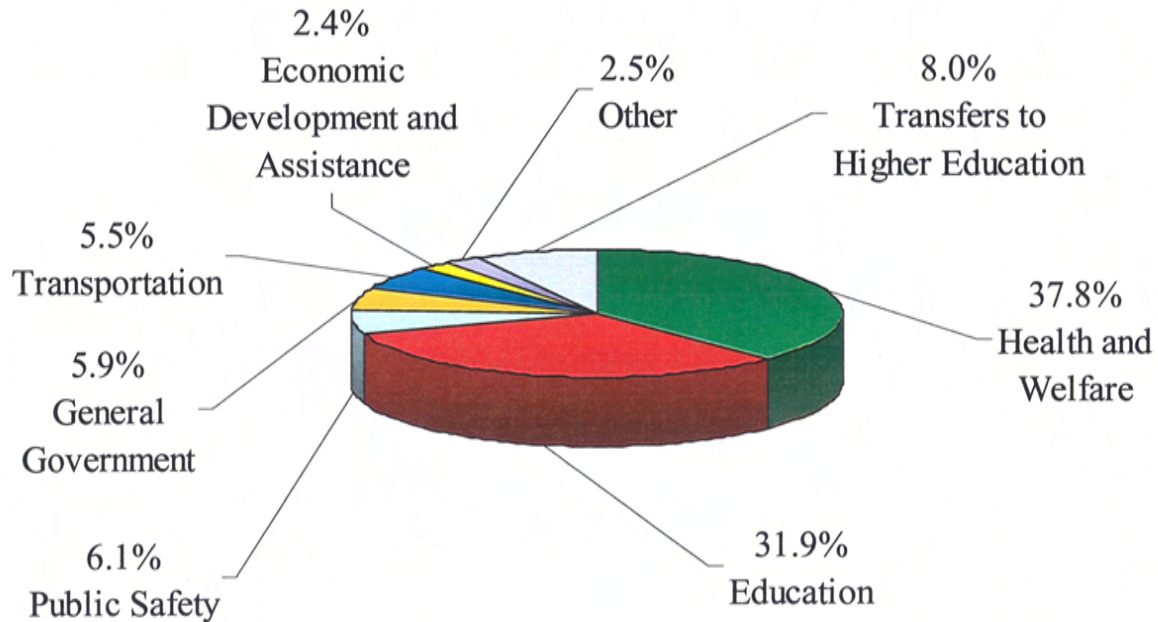
Governmental activities increased the State's net assets (including restatement of the prior year balance) by \$1.4 billion. The increase in the net assets of governmental funds resulted primarily from governmental fund tax revenues exceeding revenue estimates (described below) and increased lottery receipts. The beginning balance for net assets of the State's governmental activities was restated by \$517 million. The majority of the prior year restatement resulted from the reclassification of a portion of the activity of the State Road and Tollway Authority from a discretely presented component unit to a Special Revenue Fund.

Governmental revenues account for approximately 84 percent of total revenue. Approximately 55 percent of governmental revenue came from taxes, while 35 percent resulted from grants and contributions (95 percent of which are federal revenues). Charges for various goods and services provided 9 percent of the revenues. The State's expenses cover a range of services. The largest outlays were for education (40 percent), including transfers to higher education (8 percent), and health and welfare (38 percent) which, combined, accounted for 78 percent of total governmental activity expenses and transfers. In fiscal year 2007, governmental activity expenses and transfers were funded 49 percent, or \$14.0 billion, from program revenues and 51 percent from general revenues (96 percent of which are taxes).

### Governmental Activities - Sources of Revenue



### Governmental Activities - Expenses by Program

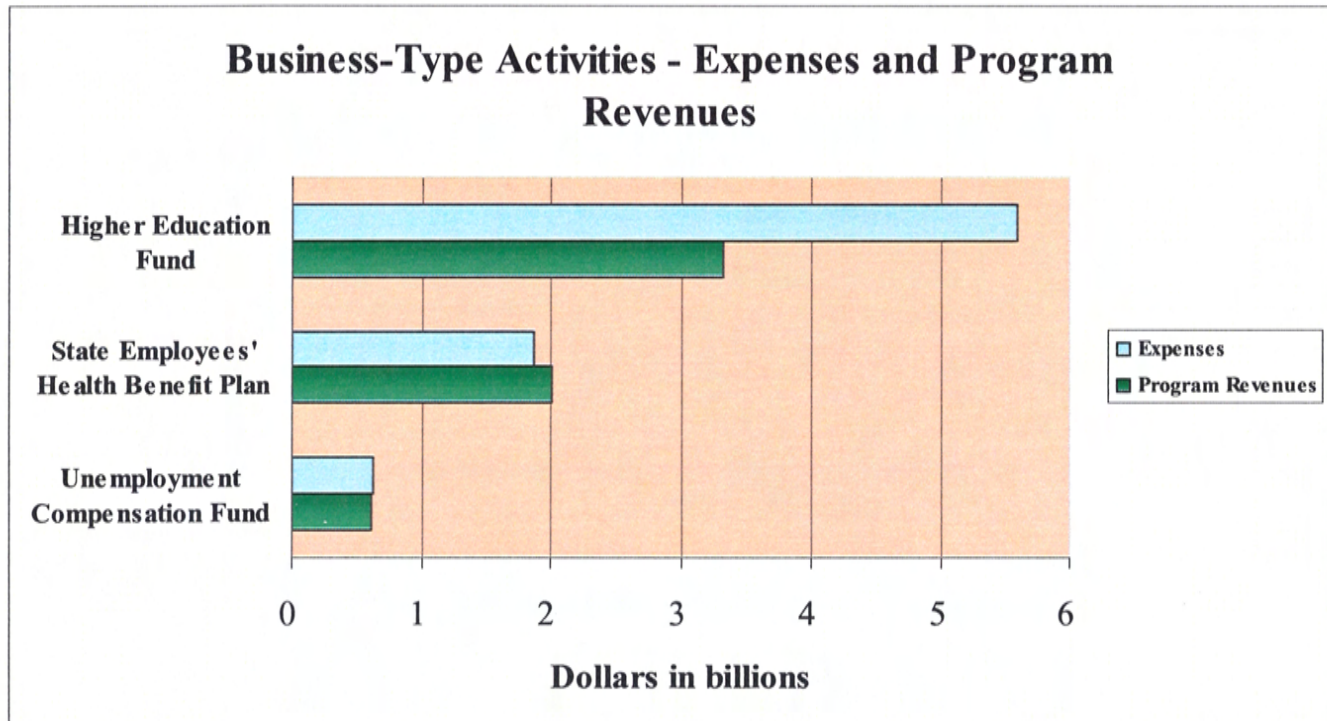




### Business-Type Activities

Business-type activities increased the State of Georgia's net assets (including restatement of the prior year balance) by \$504 million. The increase is a result of transfers of general obligation bond proceeds from governmental activities for construction of additional facilities of various colleges and universities, as well as, current year employers' unemployment insurance tax revenue in excess of unemployment insurance benefits expense. Grants and Contributions accounted for 50 percent of revenues and transfers and Higher Education (69 percent) and State Employees' Health Benefit Plan (23 percent) accounted for 92 percent of expense.

In fiscal year 2007, business-type activities expenses were funded 73.8 percent, or \$6 billion, from program revenues and 26.2 percent from general revenues, which include tax revenues transferred from governmental activities to fund higher education. The significant business-type activities are included in the chart below:



## FINANCIAL ANALYSIS OF THE STATE'S INDIVIDUAL FUNDS

As noted earlier, the State uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

### Governmental Funds

The focus of the State's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the State's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of fiscal year 2007, the State of Georgia's governmental funds reported combined ending fund balances of \$7.2 billion, an increase of \$1.8 billion in comparison with the prior fiscal year (after restatement of the prior year balance). Approximately 52 percent of this total amount (\$3.7 billion) constitutes *unreserved fund balance*, the majority of which is \$1.7 billion in the General Fund for revenue shortfall (\$188 million to fund education programs and \$1.5 billion for revenue shortfalls as required by State Law) and \$1.5 billion in the Capital Projects Fund which is designated to fund capital acquisitions. The remainder of fund balance is *reserved* to indicate that it is restricted for specific purposes. These reservations include commitments 1) to liquidate contracts and purchase orders (\$864 million), 2) to provide and maintain an adequate system of public roads and



bridges in the State (\$1.2 billion appropriated to the Georgia Department of Transportation [GDOT], \$61 million committed to subsequent appropriation to GDOT), 3) to administer education programs funded by the State's lottery (\$897 million), and 4) for a variety of other restricted purposes (\$450 million).

The General Fund is the chief operating fund of the State. At the end of the current fiscal year the General Fund reflected no unreserved, undesignated fund balance, while total fund balance reached \$5.6 billion.

Economic growth continued through the current fiscal year, resulting in collections of general revenues exceeding estimates used in the budget by \$652 million. The State maintained moderate growth in expenditures which contributed to an increase (\$1.3 billion) in fund balance for the General Fund. By the end of the year, fund balance for the General Fund had grown 30.7 percent from the prior year restated amount.

The Capital Projects Fund, in total, has a fund balance of \$1.5 billion, most of which is designated for future capital outlay. The State has five capital projects funds, with one being considered a major fund for presentation purposes for fiscal year 2007. The major capital projects fund, as mentioned earlier, is the Georgia State Financing and Investment Commission (GSFIC); the total fund balance for GSFIC is \$1.47 billion. The total net increase in fund balance during the current year in the capital projects fund (\$268 million) resulted from the proceeds from the issuance of bond debt in excess of the use of such proceeds for construction and equipment.

### **Proprietary Funds**

The State's proprietary funds provide the same type of information found in the government-wide financial statements, but in greater detail.

## **BUDGETARY HIGHLIGHTS**

The final budget exceeded original appropriations by approximately \$8.4 billion. This increase resulted primarily from \$2.9 billion of federal revenues, and \$4.9 billion of other revenues being amended into the budget by the State organizations that anticipated earning the funds. Additionally, the State's Supplementary Appropriations Act increased budgeted state general revenues by \$504 million.

At fiscal year end, funds available were approximately \$2.4 billion less than final budgetary estimates and expenditures were approximately \$3.5 billion less than final budgetary estimates, resulting in an excess of funds available over expenditures of approximately \$1.1 billion.

Excesses of state funds existing as of the end of each fiscal year are reserved and added to the budgetary Revenue Shortfall Reserve. The reserve cannot exceed 10 percent of the previous fiscal year net budgetary revenue for any given fiscal year and up to 1 percent of the preceding fiscal year's budgetary net revenue collections may be appropriated from the reserve to fund increased K-12 educational needs. The State's economic growth, as indicated above, contributed to an increase of \$767 million in the Revenue Shortfall Reserve for the current year, resulting in the fiscal year 2007 balance of \$1.73 billion. The reserve amount was 9.2 percent of budgetary net revenue collections and \$188 million of the reserve is available to fund increased K-12 needs.

## **CAPITAL ASSETS AND DEBT ADMINISTRATION**

### **Capital Assets**

The State of Georgia's investment in capital assets for its governmental and business-type activities as of June 30, 2007, was \$36.5 billion, less accumulated depreciation of \$13.6 billion (net book value of \$22.9 billion). Investment in capital assets includes land, buildings and building improvements, improvements other than buildings, personal property (machinery and equipment), infrastructure and construction in progress. Infrastructure assets are items that are normally immovable and of value only to the State, such as roads, bridges, streets and sidewalks, drainage systems, lighting systems, and similar items.

The total increase in the State of Georgia's investment in capital assets for the current fiscal year was \$2.8 billion, or 8.4 percent (an 8.3 percent increase for governmental activities and an 8.6 percent increase for business-type activities). Accumulated depreciation increased \$1.2 billion or 10.0 percent (an 11.7 percent increase for governmental activities and a 4.6 percent increase for business-type activities). Capital assets, net of accumulated depreciation, the balances of which are reflected below, changed from the prior year as follows: land increased \$317 million or 15 percent (primarily purchases for transportation), buildings and building improvements increased \$375 million or 7 percent, improvements other than buildings decreased \$5 million or 3 percent, machinery and equipment increased \$290 million or 34 percent, software decreased \$15 million or 35 percent, library collections increased \$14 million or 9 percent, works of art and collections increased \$11 million or 51 percent, infrastructure increased \$498 million or 5 percent and construction in progress increased \$114 million or 4 percent.

**State of Georgia**  
**Capital Assets, Net of Accumulated Depreciation as of June 30, 2007 and 2006**  
**(expressed in thousands)**

|                                     | Governmental Activities |               | Business-Type Activities |              | Total Primary Government |               |
|-------------------------------------|-------------------------|---------------|--------------------------|--------------|--------------------------|---------------|
|                                     | 2007                    | 2006          | 2007                     | 2006         | 2007                     | 2006          |
| Land                                | \$ 2,222,763            | \$ 1,917,548  | \$ 235,655               | \$ 223,606   | \$ 2,458,418             | \$ 2,141,154  |
| Buildings and Building Improvements | 1,858,250               | 1,840,017     | 3,992,256                | 3,635,036    | 5,850,506                | 5,475,053     |
| Improvements Other Than Buildings   | 40,367                  | 43,180        | 161,935                  | 164,401      | 202,302                  | 207,581       |
| Machinery and Equipment             | 255,219                 | 225,978       | 891,831                  | 630,845      | 1,147,050                | 856,823       |
| Software                            | 27,099                  | 29,810        | 432                      | 12,329       | 27,531                   | 42,139        |
| Library Collections                 | -                       | -             | 165,650                  | 151,781      | 165,650                  | 151,781       |
| Works of Art and Collections        | 1,872                   | 1,892         | 32,068                   | 20,551       | 33,940                   | 22,443        |
| Infrastructure                      | 9,610,019               | 9,013,694     | 116,497                  | 215,171      | 9,726,516                | 9,228,865     |
| Construction in Progress            | 3,094,547               | 3,005,536     | 195,372                  | 170,473      | 3,289,919                | 3,176,009     |
| Total                               | \$ 17,110,136           | \$ 16,077,655 | \$ 5,791,696             | \$ 5,224,193 | \$ 22,901,832            | \$ 21,301,848 |

Additional information on the State's capital assets can be found in Note 6 to the financial statements of this report.

### Debt Administration

At the end of the current fiscal year, the State had total bonded debt outstanding of \$8.8 billion. As illustrated below, substantially all of this amount is backed by the full faith and credit of the government (*general obligation debt*). The remaining debt represents guaranteed revenue bonds (\$633 million) which are to be repaid from specified revenue sources, but the full payment of which is guaranteed by the State in accordance with the State's Constitution and revenue bonds (\$444 million) secured solely by specified revenue sources.

The most current general obligation bond ratings for Moody's Investors Service, Fitch Investors Service, L.P., and Standard and Poor's Corporation are Aaa, AAA and AAA, respectively. Under the State's Constitution the highest aggregate annual debt service requirement (general obligation and guaranteed revenue debt) may not exceed 10 percent of the previous fiscal year's revenue collections. The State's current highest annual debt service requirement is 5.7 percent of the previous fiscal year's revenue collections.

**State of Georgia**  
**Outstanding Bond Debt as of June 30, 2007 and 2006**  
**(expressed in thousands)**

|                          | <b>Governmental<br/>Activities</b> |                     | <b>Business-Type<br/>Activities</b> |             | <b>Total Primary<br/>Government</b> |                     |
|--------------------------|------------------------------------|---------------------|-------------------------------------|-------------|-------------------------------------|---------------------|
|                          | <b>2007</b>                        | <b>2006</b>         | <b>2007</b>                         | <b>2006</b> | <b>2007</b>                         | <b>2006</b>         |
| General Obligation Bonds | \$ 7,688,919                       | \$ 6,909,343        | \$ -                                | \$ -        | \$ 7,688,919                        | \$ 6,909,343        |
| Revenue Bonds            | 1,037,993                          | -                   | 38,540                              | -           | 1,076,533                           | -                   |
|                          | <u>\$ 8,726,912</u>                | <u>\$ 6,909,343</u> | <u>\$ 38,540</u>                    | <u>\$ -</u> | <u>\$ 8,765,452</u>                 | <u>\$ 6,909,343</u> |

The State of Georgia's total long-term liabilities increased by \$2.3 billion (28.1 percent) during the current fiscal year. The key factors contributing to this change are a net increase of \$780 million in general obligation bonds due to the new bond issues exceeding maturities, the issuance of Federal Highway Grant Anticipation Revenue Bonds of \$360 million, the issuance of Federal Highway Reimbursement Revenue Bonds of \$90 million and a net increase of \$365 million in capital lease obligations. The increase in capital lease obligations was primarily (99 percent) in the Higher Education Fund.

Additional information on the State of Georgia's long-term debt can be found in Note 12 of the notes to the financial statements of this report.

## **ECONOMIC FACTORS**

The trend for economic growth in the U. S. has been similar for the State of Georgia. On January 11, 2008, the Department of Revenue announced that net revenue collections during the month of December for fiscal year 2008, increased by \$470 thousand or less than 1 percent from the same period in fiscal year 2007. The year-to-date collections for December 2007 increased by \$348 million or 4.2 percent from the prior year.

The Georgia Department of Labor reported the November 2007 unemployment rate to be 4.2 percent, or 205,722 of a civilian labor force of 4.9 million, down from the prior month's rate of 4.7 percent. The November 2007 rate also indicated a decrease of 0.2 percent from the same month of the prior year.

Total non-farm employment continues to expand in Georgia. Job additions as measured by the increase in total non-farm employment from September 2006 through September 2007 as reported by the Bureau of Labor Statistics totaled 74,300 jobs, an increase of 1.8 percent. This compares to the U.S. employment growth rate of about 1.2 percent for the same period.

The housing sector in Georgia has slowed. Home permits issued in August 2007 were approximately 30 percent below the number of permits issued in August 2006 calculated on a three month moving average basis. Although construction activity has slowed, housing price indicators show that overall home prices in the state are not falling as they are in many regional markets. The Office of Federal Housing Enterprise Oversight (OFHEO) index indicates that the median price of homes in Georgia increased about 4.7 percent in the second quarter of 2007 over the prior year compared to 3.2 percent for the U. S. The S&P/Case Shiller repeat purchase index indicates that prices in the metropolitan Atlanta area increased 1.2 percent in July 2007 over July 2006. For a composite of twenty metropolitan areas, this index decreased 3.9 percent over this period.

## **REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the State of Georgia's finances for all of Georgia's citizens, taxpayers, customers, and investors and creditors. This financial report seeks to demonstrate the State's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to: State Accounting Office, 200 Piedmont Avenue, Suite 1604 West Tower, Atlanta, Georgia 30334-9010.

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## BASIC FINANCIAL STATEMENTS

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# State of Georgia

## Statement of Net Assets

June 30, 2007

(expressed in thousands)

|   | Primary Government |               |               | Component     |
|---|--------------------|---------------|---------------|---------------|
|   | Governmental       | Business-Type | Total         | Units         |
|   | Activities         | Activities    |               |               |
| <b>Assets</b>                                 |                    |               |               |               |
| Cash and Cash Equivalents                     | \$ 4,009,365       | \$ 2,460,744  | \$ 6,470,109  | \$ 960,494    |
| Investments                                   | 3,738,181          | 399,828       | 4,138,009     | 3,112,240     |
| Accounts Receivable (Net)                     |                    |               |               |               |
| Interest and Dividends                        | 61,756             | —             | 61,756        | 19,372        |
| Notes and Loans                               | 1,547              | 44,270        | 45,817        | 1,441,921     |
| Taxes   | 1,676,415          | —             | 1,676,415     | 311           |
| Other   | 509,631            | 316,657       | 826,288       | 1,103,885     |
| Internal Balances                             | 108,460            | (108,460)     | 0             | —             |
| Due From Primary Government                   | —                  | —             | 0             | 4,544         |
| Due From Component Units                      | 16,181             | 74,293        | 90,474        | 94,982        |
| Intergovernmental Receivables                 | 1,304,248          | 53,271        | 1,357,519     | 13,714        |
| Inventories                                   | 53,708             | 29,113        | 82,821        | 16,915        |
| Prepaid Items                                 | 42,296             | 48,694        | 90,990        | 13,010        |
| Other Assets                                  | 1,327              | 26,760        | 28,087        | 128,145       |
| Restricted Assets                             |                    |               |               |               |
| Cash and Cash Equivalents                     | 40,574             | —             | 40,574        | 187,386       |
| Investments                                   | 1,569              | —             | 1,569         | 379,095       |
| Receivables                                   |                    |               |               |               |
| Loans (Net)                                   | —                  | —             | 0             | 616,802       |
| Interest and Dividends                        | —                  | —             | 0             | 5,298         |
| Other   | —                  | —             | 0             | 131           |
| Advances to Component Units                   | 14,475             | 2,003         | 16,478        | —             |
| Deferred Charges                              | 15,637             | —             | 15,637        | 15,076        |
| Capital Assets                                |                    |               |               |               |
| Nondepreciable                                | 5,318,686          | 462,181       | 5,780,867     | 522,904       |
| Depreciable (Net of Accumulated Depreciation) | 11,791,450         | 5,329,515     | 17,120,965    | 1,440,690     |
| Total Assets                                  | \$ 28,705,506      | \$ 9,138,869  | \$ 37,844,375 | \$ 10,076,915 |
| <b>Liabilities</b>                            |                    |               |               |               |
| Accounts Payable and Other Accruals           | \$ 2,327,237       | \$ 129,990    | \$ 2,457,227  | \$ 288,278    |
| Due to Primary Government                     | —                  | —             | 0             | 90,474        |
| Due to Component Units                        | 57                 | 4,487         | 4,544         | 94,982        |
| Salaries/Withholdings Payable                 | 56,562             | 19,000        | 75,562        | 10,816        |
| Benefits Payable                              | 746,442            | 220,440       | 966,882       | —             |
| Accrued Interest Payable                      | 126,176            | —             | 126,176       | 3,664         |
| Contracts Payable                             | 67,472             | 18,522        | 85,994        | 751           |
| Commercial Paper Payable                      | 45,000             | —             | 45,000        | —             |
| Undistributed Local Government Sales Tax      | 140,700            | —             | 140,700       | —             |
| Funds Held for Others                         | 122,388            | 61,327        | 183,715       | 23,612        |
| Unearned Revenue                              | 218,903            | 276,663       | 495,566       | 678,268       |
| Deposits                                      | 8,431              | 28,088        | 36,519        | —             |
| Claims and Judgments Payable                  | 342,358            | —             | 342,358       | —             |
| Liabilities Payable from Restricted Assets    | —                  | —             | 0             | 15,514        |
| Other Liabilities                             | 3,711              | 10,792        | 14,503        | 113,267       |
| Noncurrent Liabilities:                       |                    |               |               |               |
| Due within one year                           | 750,026            | 144,313       | 894,339       | 182,475       |
| Due in more than one year                     | 8,314,408          | 1,289,761     | 9,604,169     | 2,750,392     |
| Total Liabilities                             | \$ 13,269,871      | \$ 2,203,383  | \$ 15,473,254 | \$ 4,252,493  |

The notes to the financial statements are an integral part of this statement.

# State of Georgia

## Statement of Net Assets

June 30, 2007

(expressed in thousands)

|   | Primary Government         |                             |               | Component<br>Units |
|---|----------------------------|-----------------------------|---------------|--------------------|
|   | Governmental<br>Activities | Business-Type<br>Activities | Total         |                    |
| <b>Net Assets</b>                               |                            |                             |               |                    |
| Invested in Capital Assets, Net of Related Debt | \$ 10,804,344              | \$ 4,582,190                | \$ 15,386,534 | \$ 954,567         |
| Restricted for:                                 |                            |                             |               |                    |
| Bond Covenants/Debt Service                     | —                          | —                           | 0             | 60,054             |
| Construction                                    | —                          | —                           | 0             | 12,386             |
| Guaranteed Revenue Debt Common Reserve Fund     | 71,691                     | —                           | 71,691        | —                  |
| Loan and Grant Programs                         | —                          | —                           | 0             | 41,628             |
| Lottery for Education                           | 896,530                    | —                           | 896,530       | —                  |
| Motor Fuel Tax Funds                            | 1,276,775                  | —                           | 1,276,775     | —                  |
| Permanent Trusts:                               |                            |                             |               |                    |
| Nonexpendable                                   | 14                         | 133,768                     | 133,782       | 877,647            |
| Expendable                                      | —                          | 215,543                     | 215,543       | 918,724            |
| Unemployment Compensation Benefits              | —                          | 1,474,544                   | 1,474,544     | —                  |
| Other Purposes                                  | 153,240                    | 53,935                      | 207,175       | 2,376              |
| Unrestricted                                    | 2,233,041                  | 475,506                     | 2,708,547     | 2,957,040          |
| Total Net Assets                                | \$ 15,435,635              | \$ 6,935,486                | \$ 22,371,121 | \$ 5,824,422       |

The notes to the financial statements are an integral part of this statement.



# State of Georgia

## Statement of Activities

For the Fiscal Year Ended June 30, 2007

(expressed in thousands)

| Functions/Programs                           | Program       |                                |                                    |
|--|---------------|--------------------------------|------------------------------------|
|  | Expenses      | Sales and Charges for Services | Operating Grants and Contributions |
| <b>Primary Government</b>                    |               |                                |                                    |
| Governmental Activities:                     |               |                                |                                    |
| General Government                           | \$ 1,830,659  | \$ 1,653,554                   | \$ 99,030                          |
| Education                                    | 9,948,891     | 2,102                          | 1,573,470                          |
| Health and Welfare                           | 11,764,652    | 504,520                        | 7,400,929                          |
| Transportation                               | 1,705,285     | 24,848                         | 274,033                            |
| Public Safety                                | 1,891,555     | 334,033                        | 147,916                            |
| Economic Development and Assistance          | 759,979       | 78,821                         | 457,432                            |
| Culture and Recreation                       | 286,132       | 146,877                        | 37,386                             |
| Conservation                                 | 102,149       | 6,288                          | 51,022                             |
| Interest and Other Charges on Long-Term Debt | 385,449       | —                              | —                                  |
| Total Governmental Activities                | \$ 28,674,751 | \$ 2,751,043                   | \$ 10,041,218                      |
| Business-Type Activities:                    |               |                                |                                    |
| Higher Education Fund                        | \$ 5,592,755  | \$ 1,694,368                   | \$ 1,588,503                       |
| State Employees' Health Benefit Plan         | 1,868,431     | —                              | 2,013,288                          |
| Unemployment Compensation Fund               | 626,058       | 223                            | 612,742                            |
| State Road and Tollway Authority             | 12,845        | 20,854                         | —                                  |
| Total Business-Type Activities               | \$ 8,100,089  | \$ 1,715,445                   | \$ 4,214,533                       |
| Total Primary Government                     | \$ 36,774,840 | \$ 4,466,488                   | \$ 14,255,751                      |
| <b>Component Units</b>                       |               |                                |                                    |
| Georgia Environmental Facilities Authority   | \$ 31,897     | \$ 36,242                      | \$ 65,383                          |
| Georgia Housing and Finance Authority        | 92,199        | 46,097                         | 41,803                             |
| Georgia Lottery Corporation                  | 3,186,980     | 3,183,453                      | —                                  |
| Georgia Tech Foundation, Incorporated        | 115,988       | 17,060                         | 52,201                             |
| Nonmajor Component Units                     | 1,756,246     | 1,063,887                      | 617,154                            |
| Total Component Units                        | \$ 5,183,310  | \$ 4,346,739                   | \$ 776,541                         |

### General Revenues:

|   |
|---|
| Taxes   |
| Personal Income Taxes   |
| General Sales Taxes   |
| Other Taxes   |
| Unrestricted Investment Income  |
| Unclaimed Property  |
| Other   |
| Payments from the State of Georgia  |
| Contributions to Permanent Endowments                                       |
| Transfers   |
| Total General Revenues, Contributions to Permanent Endowments and Transfers |
| Change in Net Assets  |
| Net Assets - Beginning - Restated (Note 3)                                  |
| Net Assets - Ending   |

The notes to the financial statements are an integral part of this statement.

| Revenues                               |                        | Changes in Net Assets      |                             |                  |                    |
|--|------------------------|----------------------------|-----------------------------|------------------|--------------------|
| Capital<br>Grants and<br>Contributions |                        | Primary Government         |                             |                  | Component<br>Units |
|  |                        | Governmental<br>Activities | Business-Type<br>Activities | Total            |                    |
| \$ 19,047                              | \$ (59,028)            | \$ —                       | \$ (59,028)                 | \$ —             |                    |
| —                                      | (8,373,319)            | —                          | (8,373,319)                 | —                |                    |
| —                                      | (3,859,203)            | —                          | (3,859,203)                 | —                |                    |
| 1,177,742                              | (228,662)              | —                          | (228,662)                   | —                |                    |
| 4,745                                  | (1,404,861)            | —                          | (1,404,861)                 | —                |                    |
| 9,028                                  | (214,698)              | —                          | (214,698)                   | —                |                    |
| 2,858                                  | (99,011)               | —                          | (99,011)                    | —                |                    |
| —                                      | (44,839)               | —                          | (44,839)                    | —                |                    |
| —                                      | (385,449)              | —                          | (385,449)                   | —                |                    |
| <u>\$ 1,213,420</u>                    | <u>\$ (14,669,070)</u> | <u>\$ —</u>                | <u>\$ (14,669,070)</u>      | <u>\$ —</u>      |                    |
| \$ 48,490                              | \$ —                   | \$ (2,261,394)             | \$ (2,261,394)              | \$ —             |                    |
| —                                      | —                      | 144,857                    | 144,857                     | —                |                    |
| —                                      | —                      | (13,093)                   | (13,093)                    | —                |                    |
| —                                      | —                      | 8,009                      | 8,009                       | —                |                    |
| <u>\$ 48,490</u>                       | <u>\$ —</u>            | <u>\$ (2,121,621)</u>      | <u>\$ (2,121,621)</u>       | <u>\$ —</u>      |                    |
| <u>\$ 1,261,910</u>                    | <u>\$ (14,669,070)</u> | <u>\$ (2,121,621)</u>      | <u>\$ (16,790,691)</u>      | <u>\$ —</u>      |                    |
| \$ 65,613                              | \$ —                   | \$ —                       | \$ —                        | \$ 135,341       |                    |
| —                                      | —                      | —                          | —                           | (4,299)          |                    |
| —                                      | —                      | —                          | —                           | (3,527)          |                    |
| —                                      | —                      | —                          | —                           | (46,727)         |                    |
| 69,646                                 | —                      | —                          | —                           | (5,559)          |                    |
| <u>\$ 135,259</u>                      | <u>\$ —</u>            | <u>\$ —</u>                | <u>\$ —</u>                 | <u>\$ 75,229</u> |                    |
| \$ 8,778,933                           | \$ —                   | \$ 8,778,933               | \$ —                        |                  |                    |
| 6,662,730                              | —                      | 6,662,730                  | —                           |                  |                    |
| 2,434,321                              | —                      | 2,434,321                  | 28,100                      |                  |                    |
| 470,480                                | 147,034                | 617,514                    | 458,161                     |                  |                    |
| 140,367                                | —                      | 140,367                    | —                           |                  |                    |
| 54,317                                 | 47                     | 54,364                     | 17,275                      |                  |                    |
| —                                      | —                      | 0                          | 73,564                      |                  |                    |
| —                                      | —                      | 0                          | 53,874                      |                  |                    |
| (2,478,882)                            | 2,478,882              | 0                          | —                           |                  |                    |
| <u>\$ 16,062,266</u>                   | <u>\$ 2,625,963</u>    | <u>\$ 18,688,229</u>       | <u>\$ 630,974</u>           |                  |                    |
| <u>\$ 1,393,196</u>                    | <u>\$ 504,342</u>      | <u>\$ 1,897,538</u>        | <u>\$ 706,203</u>           |                  |                    |
| <u>14,042,439</u>                      | <u>6,431,144</u>       | <u>20,473,583</u>          | <u>5,118,219</u>            |                  |                    |
| <u>\$ 15,435,635</u>                   | <u>\$ 6,935,486</u>    | <u>\$ 22,371,121</u>       | <u>\$ 5,824,422</u>         |                  |                    |

# State of Georgia

## Balance Sheet

### Governmental Funds

June 30, 2007

(expressed in thousands)

|   | General<br>Fund     | Georgia State<br>Financing and<br>Investment<br>Commission | Nonmajor<br>Funds | Total                |
|---|---------------------|--|-------------------|----------------------|
| <b>Assets</b>   |                     |  |                   |                      |
| Cash and Cash Equivalents   | \$ 3,390,400        | \$ 6,365   | \$ 440,983        | \$ 3,837,748         |
| Investments   | 1,967,946           | 1,533,397  | 71,793            | 3,573,136            |
| Receivables (Net of Allowances for Uncollectibles)                          |                     |  |                   |                      |
| Taxes   | 1,676,415           | —  | —                 | 1,676,415            |
| Interest and Dividends  | 61,756              | —  | —                 | 61,756               |
| Notes and Loans   | 1,547               | —  | —                 | 1,547                |
| Other   | 478,395             | —  | 277               | 478,672              |
| Due from Other Funds  | 311,577             | —  | 407               | 311,984              |
| Due from Component Units  | 13,292              | —  | —                 | 13,292               |
| Intergovernmental Receivables   | 1,304,175           | —  | —                 | 1,304,175            |
| Inventories   | 45,106              | —  | —                 | 45,106               |
| Prepaid Items   | 41,212              | —  | 15                | 41,227               |
| Restricted Assets   |                     |  |                   |                      |
| Cash and Cash Equivalents   | —                   | —  | 40,574            | 40,574               |
| Investments   | —                   | —  | 1,569             | 1,569                |
| Advances to Component Units   | 17,166              | —  | —                 | 17,166               |
| Other Assets  | 1,326               | —  | —                 | 1,326                |
| <b>Total Assets</b>   | <b>\$ 9,310,313</b> | <b>\$ 1,539,762</b>  | <b>\$ 555,618</b> | <b>\$ 11,405,693</b> |
| <b>Liabilities and Fund Balances</b>  |                     |  |                   |                      |
| <b>Liabilities:</b>   |                     |  |                   |                      |
| Accounts Payable and Other Accruals   | \$ 2,290,711        | \$ 21,869  | \$ 227            | \$ 2,312,807         |
| Due to Other Funds  | 135,644             | —  | 319,287           | 454,931              |
| Due to Component Units  | 57                  | —  | —                 | 57                   |
| Salaries/Withholdings Payable   | 56,531              | —  | —                 | 56,531               |
| Benefits Payable  | 746,442             | —  | —                 | 746,442              |
| Contracts Payable   | 30,983              | 36,488   | —                 | 67,471               |
| Undistributed Local Government Sales Tax                                    | 140,700             | —  | —                 | 140,700              |
| Funds Held for Others   | 122,386             | —  | —                 | 122,386              |
| Deferred Revenue  | 218,557             | —  | —                 | 218,557              |
| Commercial Paper Payable  | —                   | —  | 45,000            | 45,000               |
| Other Liabilities   | 3,515               | 8,426  | 196               | 12,137               |
| <b>Total Liabilities</b>  | <b>\$ 3,745,526</b> | <b>\$ 66,783</b>   | <b>\$ 364,710</b> | <b>\$ 4,177,019</b>  |
| <b>Fund Balances:</b>   |                     |  |                   |                      |
| Reserved for Advances   | \$ 17,166           | \$ —   | \$ —              | \$ 17,166            |
| Reserved for Encumbrances   | 863,917             | —  | —                 | 863,917              |
| Reserved for Georgia Academy for the Blind                                  | —                   | —  | 14                | 14                   |
| Reserved for Guaranteed Revenue Debt Common Reserve Fund                    | 71,691              | —  | —                 | 71,691               |
| Reserved for Inventories  | 40,770              | —  | —                 | 40,770               |
| Reserved for Lottery for Education  | 896,530             | —  | —                 | 896,530              |
| Reserved for Roads and Bridges (Motor Fuel Tax Funds)                       | 1,276,775           | —  | —                 | 1,276,775            |
| Reserved for Unissued Debt/Debt Service                                     | 150,865             | —  | —                 | 150,865              |
| Reserved for Other Specific Purposes  | 169,985             | —  | —                 | 169,985              |
| Unreserved  |                     |  |                   |                      |
| Designated for Capital Outlay   | —                   | 1,472,979  | —                 | 1,472,979            |
| Designated for Revenue Shortfall  |                     |  |                   |                      |
| Education (K - 12)  | 188,404             | —  | —                 | 188,404              |
| Other   | 1,544,595           | —  | —                 | 1,544,595            |
| Designated for Other Specific Purposes (Tobacco Settlement Funds and Other) | 344,089             | —  | —                 | 344,089              |
| Unreserved, Undesignated, Reported in                                       |                     |  |                   |                      |
| General Fund  | —                   | —  | —                 | 0                    |
| Special Revenue Funds   | —                   | —  | 187,585           | 187,585              |
| Capital Projects Funds  | —                   | —  | 3,309             | 3,309                |
| <b>Total Fund Balances</b>  | <b>\$ 5,564,787</b> | <b>\$ 1,472,979</b>  | <b>\$ 190,908</b> | <b>\$ 7,228,674</b>  |
| <b>Total Liabilities and Fund Balances</b>                                  | <b>\$ 9,310,313</b> | <b>\$ 1,539,762</b>  | <b>\$ 555,618</b> | <b>\$ 11,405,693</b> |

The notes to the financial statements are an integral part of this statement.

# State of Georgia

## Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Assets June 30, 2007 (expressed in thousands)

**Total Fund Balances - Governmental Funds** \$ 7,228,674

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Capital Assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. These assets consist of:

|                                     |                     |            |
|-------------------------------------|---------------------|------------|
| Land                                | \$ 2,201,233        |            |
| Buildings and Building Improvements | 2,556,834           |            |
| Improvements Other Than Buildings   | 72,466              |            |
| Equipment                           | 744,468             |            |
| Infrastructure                      | 18,230,608          |            |
| Construction in Progress            | 3,094,547           |            |
| Works of Art                        | 756                 |            |
| Software                            | 82,692              |            |
| Accumulated Depreciation            | <u>(10,191,439)</u> | 16,792,165 |

Bond issuance costs are reported as expenditures in the funds. However, issuance costs are deferred and amortized over the life of the bonds and are included in governmental activities in the Statement of Net Assets.

15,637

Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of a majority of the internal service funds are included in governmental activities in the Statement of Net Assets.

576,174

Certain long-term liabilities and related accrued interest are not due and payable in the current period and, therefore, are not reported in the funds.

|                              |                |                    |
|------------------------------|----------------|--------------------|
| General Obligation Bonds     | \$ (7,615,665) |                    |
| Premiums                     | (181,037)      |                    |
| Deferred Amount on Refunding | 107,783        |                    |
| Accrued Interest Payable     | (115,874)      |                    |
| Revenue Bonds                | (994,870)      |                    |
| Premiums                     | (43,123)       |                    |
| Accrued Interest Payable     | (10,302)       |                    |
| Capital Leases               | (3,202)        |                    |
| Compensated Absences         | (311,690)      |                    |
| Long-Term Notes              | (568)          |                    |
| Arbitrage Rebate             | <u>(8,467)</u> | <u>(9,177,015)</u> |

**Total Net Assets - Governmental Activities** \$ 15,435,635

# State of Georgia

## Statement of Revenues, Expenditures, and Changes in Fund Balances

### Governmental Funds

For the Fiscal Year Ended June 30, 2007

(expressed in thousands)

|  | General<br>Fund       | Georgia State<br>Financing and<br>Investment<br>Commission | Nonmajor<br>Funds     | Total                |
|--|-----------------------|--|-----------------------|----------------------|
| <b>Revenues:</b>   |                       |  |                       |                      |
| Taxes  | \$ 17,875,985         | \$ —   | \$ —                  | \$ 17,875,985        |
| Licenses and Permits   | 649,930               | —  | —                     | 649,930              |
| Intergovernmental - Federal                                      | 10,648,457            | —  | —                     | 10,648,457           |
| Intergovernmental - Other  | 401,393               | —  | 244                   | 401,637              |
| Sales and Services   | 687,164               | —  | 113                   | 687,277              |
| Fines and Forfeits   | 344,139               | —  | —                     | 344,139              |
| Interest and Other Investment Income                             | 330,140               | 84,807   | 28,279                | 443,226              |
| Rents and Royalties  | 17,039                | —  | 76                    | 17,115               |
| Contributions and Donations                                      | 8,202                 | —  | 248                   | 8,450                |
| Penalties and Interest on Taxes                                  | 7,045                 | —  | —                     | 7,045                |
| Unclaimed Property   | 140,367               | —  | —                     | 140,367              |
| Lottery Proceeds   | 853,641               | —  | —                     | 853,641              |
| Nursing Home Provider Fees                                       | 111,768               | —  | —                     | 111,768              |
| Other  | 225,562               | —  | 141                   | 225,703              |
| <b>Total Revenues</b>  | <b>\$ 32,300,832</b>  | <b>\$ 84,807</b>   | <b>\$ 29,101</b>      | <b>\$ 32,414,740</b> |
| <b>Expenditures:</b>   |                       |  |                       |                      |
| <b>Current:</b>  |                       |  |                       |                      |
| General Government   | \$ 1,206,357          | \$ 687   | \$ 13                 | \$ 1,207,057         |
| Education  | 9,945,326             | —  | 1                     | 9,945,327            |
| Health and Welfare   | 11,724,373            | —  | —                     | 11,724,373           |
| Transportation   | 2,620,959             | —  | 7,116                 | 2,628,075            |
| Public Safety  | 1,841,350             | —  | —                     | 1,841,350            |
| Economic Development and Assistance                              | 737,996               | —  | 2,002                 | 739,998              |
| Culture and Recreation   | 293,620               | —  | —                     | 293,620              |
| Conservation   | 101,773               | —  | —                     | 101,773              |
| Capital Outlay   | —                     | 474,021  | 29                    | 474,050              |
| Debt Service   |                       |  |                       |                      |
| Principal  | —                     | —  | 679,216               | 679,216              |
| Interest   | —                     | —  | 409,632               | 409,632              |
| Accrued Interest on Bonds Retired in Advance                     | —                     | —  | 128                   | 128                  |
| Discount on Bonds Retired in Advance                             | —                     | —  | (13,600)              | (13,600)             |
| Other Debt Service Expenditures                                  | —                     | 2,399  | 218                   | 2,617                |
| Intergovernmental  | —                     | 324,056  | —                     | 324,056              |
| <b>Total Expenditures</b>  | <b>\$ 28,471,754</b>  | <b>\$ 801,163</b>  | <b>\$ 1,084,755</b>   | <b>\$ 30,357,672</b> |
| <b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b> | <b>\$ 3,829,078</b>   | <b>\$ (716,356)</b>  | <b>\$ (1,055,654)</b> | <b>\$ 2,057,068</b>  |
| <b>Other Financing Sources (Uses):</b>                           |                       |  |                       |                      |
| Debt Issuance - General Obligation Bonds                         | \$ —                  | \$ 1,410,648   | \$ —                  | \$ 1,410,648         |
| Debt Issuance - Refunding Bonds                                  | —                     | —  | 213,720               | 213,720              |
| Debt Issuance - Revenue Bonds                                    | —                     | —  | 450,000               | 450,000              |
| Debt Issuance - General Obligation Bonds - Premium               | —                     | 3,894  | —                     | 3,894                |
| Debt Issuance - Refunding Bonds - Premium                        | —                     | —  | 18,922                | 18,922               |
| Debt Issuance - Revenue Bonds - Premium                          | —                     | —  | 19,967                | 19,967               |
| Debt Issuance - Refunding Bonds - Accrued Interest               | —                     | —  | 742                   | 742                  |
| Payment to Refunded Bond Escrow Agent                            | —                     | —  | (235,516)             | (235,516)            |
| Capital Leases   | 777                   | —  | —                     | 777                  |
| Transfers In   | 817,488               | 31,983   | 1,076,081             | 1,925,552            |
| Transfers Out  | (3,339,021)           | (456,603)  | (416,330)             | (4,211,954)          |
| <b>Net Other Financing Sources (Uses)</b>                        | <b>\$ (2,520,756)</b> | <b>\$ 989,922</b>  | <b>\$ 1,127,586</b>   | <b>\$ (403,248)</b>  |
| <b>Net Change in Fund Balances</b>                               | <b>\$ 1,308,322</b>   | <b>\$ 273,566</b>  | <b>\$ 71,932</b>      | <b>\$ 1,653,820</b>  |
| <b>Fund Balances, July 1</b>                                     | <b>4,266,823</b>      | <b>1,199,413</b>   | <b>10,499</b>         | <b>5,476,735</b>     |
| <b>Adjustments (Note 3)</b>                                      | <b>(10,358)</b>       | <b>—</b>   | <b>108,477</b>        | <b>98,119</b>        |
| <b>Fund Balances, June 30</b>                                    | <b>\$ 5,564,787</b>   | <b>\$ 1,472,979</b>  | <b>\$ 190,908</b>     | <b>\$ 7,228,674</b>  |

The notes to the financial statements are an integral part of this statement.

# State of Georgia

## Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds to the Statement of Activities For the Fiscal Year Ended June 30, 2007 (expressed in thousands)

|  |           |                         |
|--|-----------|-------------------------|
| <b>Net Change in Fund Balances - Governmental Funds</b>  | <b>\$</b> | <b>1,653,820</b>        |
| Amounts reported for governmental activities in the Statement of Activities are different because:   |           |                         |
| Capital outlays are reported as expenditures in governmental funds. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.               |           |                         |
| Capital outlay (net of losses), net of transfers to Business-Type Activities, Component Units and outside organizations.   | \$        | 1,923,405               |
| Depreciation expense   |           | (976,945)               |
|  |           | <u>946,460</u>          |
| Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.   |           | 15,395                  |
| Bond proceeds (net of issuance costs and payments to refunding escrow) provide current financial resources to governmental funds; however, issuing debt increases long-term liabilities in the Statement of Net Assets.  |           | (2,072,807)             |
| Some capital additions were financed through capital leases. In governmental funds, a capital lease arrangement is considered a source of financing, but in the Statement of Net Assets, the lease obligation is reported as a liability.  |           | (777)                   |
| Repayment of long-term debt is reported as an expenditure in governmental funds, but the repayment reduces the long-term liabilities in the Statement of Net Assets. Payments were made on the following long-term liabilities:  |           |                         |
| General Obligation Bonds   | \$        | 853,155                 |
| Revenue Bonds  |           | 47,955                  |
| Contracts  |           | 5,374                   |
| Notes  |           | 228                     |
| Capital Leases   |           | 2,057                   |
|  |           | <u>908,769</u>          |
| Internal service funds are used by management to charge the costs of certain activities to individual funds. The incorporation of the external activities of these funds, and the elimination of profit/loss generated by primary government customers results in net revenue (expense) for Governmental Activities. |           | 24,429                  |
| Some items reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds. This adjustment combines the net changes in the following balances:   |           |                         |
| Compensated Absences   | \$        | (55,964)                |
| Accrued Interest on Bonds Payable  |           | 2,385                   |
| Arbitrage Rebate   |           | (5,921)                 |
| Amortization of Deferred Amount on Refunding   |           | 2,435                   |
| Amortization of Bond Premiums  |           | (25,256)                |
| Allocation of Deferred Bond Issuance Costs   |           | 228                     |
|  |           | <u>(82,093)</u>         |
| <b>Change in Net Assets - Governmental Activities</b>  | <b>\$</b> | <b><u>1,393,196</u></b> |

The notes to the financial statements are an integral part of this statement.

# State of Georgia

## Statement of Net Assets

### Proprietary Funds

June 30, 2007

(expressed in thousands)

|  | Business-Type Activities - Enterprise Funds |   |                                      |   |
|--|---|---|--------------------------------------|---|
|  | Higher<br>Education<br>Fund                 | State<br>Employees'<br>Health Benefit<br>Plan | Unemployment<br>Compensation<br>Fund | Nonmajor<br>Fund<br>State<br>Road and<br>Tollway<br>Authority |
| <b>Assets</b>  |   |   |                                      |   |
| Current Assets:  |   |   |                                      |   |
| Cash and Cash Equivalents                                  | \$ 704,639                                  | \$ 337,359                                    | \$ 1,396,129                         | \$ 6,813  |
| Investments  | 136,186                                     | 70,276  | —                                    | —   |
| Accounts Receivable (Net of Allowances for Uncollectibles) | 174,308                                     | 29,068  | 113,223                              | 56  |
| Due From Other Funds                                       | —   | —   | —                                    | 8,447   |
| Due From Component Units                                   | 74,293                                      | —   | —                                    | —   |
| Intergovernmental Receivables                              | 52,940                                      | —   | 331                                  | —   |
| Inventories  | 28,255                                      | —   | —                                    | 858   |
| Prepaid Items  | 48,694                                      | —   | —                                    | —   |
| Other Assets   | 20  | —   | —                                    | 26,740  |
| Noncurrent Assets:   |   |   |                                      |   |
| Restricted Cash and Cash Equivalents                       | 15,649                                      | —   | —                                    | 66  |
| Investments  | 120,395                                     | 50,007  | —                                    | 22,964  |
| Notes Receivable   | 44,270                                      | —   | —                                    | —   |
| Advances to Component Units                                | 2,003                                       | —   | —                                    | —   |
| Capital Assets:  |   |   |                                      |   |
| Land   | 235,655                                     | —   | —                                    | —   |
| Buildings and Building Improvements                        | 5,557,297                                   | —   | —                                    | 4,938   |
| Improvements Other Than Buildings                          | 272,981                                     | —   | —                                    | 2,517   |
| Machinery and Equipment                                    | 1,772,241                                   | —   | —                                    | 4,787   |
| Software   | —   | —   | —                                    | 685   |
| Library Collections  | 650,187                                     | —   | —                                    | —   |
| Works of Art and Collections                               | 32,512                                      | —   | —                                    | —   |
| Infrastructure   | 170,383                                     | —   | —                                    | —   |
| Construction in Progress                                   | 195,372                                     | —   | —                                    | —   |
| Accumulated Depreciation                                   | (3,097,562)                                 | —   | —                                    | (10,303)  |
| Total Assets   | \$ 7,190,718                                | \$ 486,710                                    | \$ 1,509,683                         | \$ 68,568   |

The notes to the financial statements are an integral part of this statement.

|             |             | Governmental<br>Activities -<br>Internal<br>Service<br>Funds |           |
|-------------|-------------|--|-----------|
| Total       |             |  |           |
| \$          | 2,444,940   | \$   | 171,706   |
|             | 206,462     |  | 31,948    |
|             | 316,655     |  | 30,926    |
|             | 8,447       |  | 182,478   |
|             | 74,293      |  | 198       |
|             | 53,271      |  | 73        |
|             | 29,113      |  | 8,602     |
|             | 48,694      |  | 1,070     |
|             | 26,760      |  | —         |
|             | 15,715      |  | —         |
|             | 193,366     |  | 133,097   |
|             | 44,270      |  | —         |
|             | 2,003       |  | —         |
|             | 235,655     |  | 21,530    |
|             | 5,562,235   |  | 397,717   |
|             | 275,498     |  | 5,160     |
|             | 1,777,028   |  | 116,469   |
|             | 685         |  | 58,094    |
|             | 650,187     |  | —         |
|             | 32,512      |  | 1,240     |
|             | 170,383     |  | —         |
|             | 195,372     |  | —         |
|             | (3,107,865) |  | (282,233) |
| \$          | 9,255,679   | \$   | 878,075   |
| (continued) |             |  |           |



# State of Georgia

## Statement of Net Assets Proprietary Funds (continued) June 30, 2007 (expressed in thousands)

|  | Business-Type Activities - Enterprise Funds |   |                                      |   |
|--|---|---|--------------------------------------|---|
|  | Higher<br>Education<br>Fund                 | State<br>Employees'<br>Health Benefit<br>Plan | Unemployment<br>Compensation<br>Fund | Nonmajor<br>Fund<br>State<br>Road and<br>Tollway<br>Authority |
| <b>Liabilities</b>                                     |   |   |                                      |   |
| Current Liabilities:                                   |   |   |                                      |   |
| Accounts Payable and Other Accruals                    | \$ 118,299                                  | \$ 2,757                                      | \$ 8,601                             | \$ 54   |
| Due to Other Funds                                     | 47,175                                      | —   | —                                    | —   |
| Due to Component Units                                 | 987   | —   | —                                    | —   |
| Salaries/Withholdings Payable                          | 18,988                                      | 12  | —                                    | —   |
| Benefits Payable                                       | 27,147                                      | 179,907                                       | 13,386                               | —   |
| Contracts Payable                                      | 18,522                                      | —   | —                                    | —   |
| Funds Held for Others                                  | 61,327                                      | —   | —                                    | —   |
| Unearned Revenue                                       | 197,339                                     | 56,079  | 13,152                               | —   |
| Deposits   | 28,088                                      | —   | —                                    | —   |
| Claims and Judgments Payable                           | —   | —   | —                                    | —   |
| Compensated Absences Payable - Current                 | 102,026                                     | 109   | —                                    | —   |
| Capital Leases/Installment Purchases Payable - Current | 34,469                                      | —   | —                                    | —   |
| Notes Payable - Current                                | 303   | —   | —                                    | —   |
| Other Current Liabilities                              | 6,617                                       | —   | —                                    | 421   |
| Current Liabilities Payable from Restricted Assets     |   |   |                                      |   |
| Unearned Revenue                                       | —   | —   | —                                    | 2,909   |
| Deposits   | —   | —   | —                                    | 113   |
| Accrued Interest Payable                               | —   | —   | —                                    | 938   |
| Revenue Bonds Payable                                  | —   | —   | —                                    | 7,200   |
| Noncurrent Liabilities:                                |   |   |                                      |   |
| Due to Component Units                                 | 3,500                                       | —   | —                                    | —   |
| Unearned Revenue                                       | 10,093                                      | —   | —                                    | —   |
| Compensated Absences Payable                           | 81,308                                      | 138   | —                                    | —   |
| Capital Leases/Installment Purchases Payable           | 1,167,055                                   | —   | —                                    | —   |
| Notes Payable  | 9,174                                       | —   | —                                    | —   |
| Revenue Bonds Payable                                  | —   | —   | —                                    | 32,395  |
| Unamortized Premium                                    | —   | —   | —                                    | 422   |
| Deferred Amount on Refunding                           | —   | —   | —                                    | (1,477)   |
| Other Noncurrent Liabilities                           | 746   | —   | —                                    | —   |
| Total Liabilities                                      | \$ 1,933,163                                | \$ 239,002                                    | \$ 35,139                            | \$ 42,975   |
| <b>Net Assets</b>                                      |   |   |                                      |   |
| Invested in Capital Assets, Net of Related Debt        | \$ 4,579,559                                | \$ —  | \$ —                                 | 2,625   |
| Restricted for:  |   |   |                                      |   |
| Capital Projects                                       | 53,935                                      | —   | —                                    | —   |
| Distance Learning and Telemedicine                     | —   | —   | —                                    | —   |
| Permanent Trusts:                                      |   |   |                                      |   |
| Nonexpendable  | 133,768                                     | —   | —                                    | —   |
| Expendable   | 215,543                                     | —   | —                                    | —   |
| Surplus Property Working Capital                       | —   | —   | —                                    | —   |
| Unemployment Compensation Benefits                     | —   | —   | 1,474,544                            | —   |
| Unrestricted   | 274,750                                     | 247,708                                       | —                                    | 22,968  |
| Total Net Assets                                       | \$ 5,257,555                                | \$ 247,708                                    | \$ 1,474,544                         | \$ 25,593   |

Adjustment to reflect the consolidation of Internal Service Fund activities related to Enterprise Funds.

Net Assets of Business-Type Activities

The notes to the financial statements are an integral part of this statement.

|       |                         | Governmental<br>Activities -<br>Internal<br>Service<br>Funds |                |
|-------|-------------------------|--|----------------|
| Total |                         |  |                |
| \$    | 129,711                 | \$   | 14,710         |
|       | 47,175                  |  | 768            |
|       | 987                     |  | —              |
|       | 19,000                  |  | 29             |
|       | 220,440                 |  | —              |
|       | 18,522                  |  | —              |
|       | 61,327                  |  | 2              |
|       | 266,570                 |  | 347            |
|       | 28,088                  |  | 6              |
|       | 0                       |  | 342,358        |
|       | 102,135                 |  | 4,036          |
|       | 34,469                  |  | 2,337          |
|       | 303                     |  | —              |
|       | 7,038                   |  | —              |
|       | 2,909                   |  | —              |
|       | 113                     |  | —              |
|       | 938                     |  | —              |
|       | 7,200                   |  | —              |
|       | 3,500                   |  | —              |
|       | 10,093                  |  | —              |
|       | 81,446                  |  | 4,599          |
|       | 1,167,055               |  | 2,623          |
|       | 9,174                   |  | —              |
|       | 32,395                  |  | —              |
|       | 422                     |  | —              |
|       | (1,477)                 |  | —              |
|       | 746                     |  | —              |
| \$    | <u>2,250,279</u>        | \$   | <u>371,815</u> |
| \$    | 4,582,184               | \$   | 313,017        |
|       | 53,935                  |  | —              |
|       | 0                       |  | 814            |
|       | 133,768                 |  | —              |
|       | 215,543                 |  | —              |
|       | 0                       |  | 2,355          |
|       | 1,474,544               |  | —              |
|       | <u>545,426</u>          |  | <u>190,074</u> |
| \$    | 7,005,400               | \$   | <u>506,260</u> |
|       | <u>(69,914)</u>         |  |                |
| \$    | <u><u>6,935,486</u></u> |  |                |

# State of Georgia

## Statement of Revenues, Expenses, and Changes in Fund Net Assets

### Proprietary Funds

For the Fiscal Year Ended June 30, 2007

(expressed in thousands)

|  | Business-Type Activities    |   |                                      |
|--|-----------------------------|---|--------------------------------------|
|  | Higher<br>Education<br>Fund | State<br>Employees'<br>Health Benefit<br>Plan | Unemployment<br>Compensation<br>Fund |
| Operating Revenues:                              |                             |   |                                      |
| Operating Grants and Contributions/Premiums      | \$ 1,386,963                | \$ 2,013,288                                  | \$ 612,742                           |
| Rents and Royalties                              | 4,891                       | —   | —                                    |
| Sales and Services                               | 646,234                     | —   | —                                    |
| Tuition and Fees                                 | 1,204,116                   | —   | —                                    |
| Less: Scholarship Allowances                     | (242,241)                   | —   | —                                    |
| Other  | 81,368                      | —   | 223                                  |
| Total Operating Revenues                         | \$ 3,081,331                | \$ 2,013,288                                  | \$ 612,965                           |
| Operating Expenses:                              |                             |   |                                      |
| Personal Services                                | \$ 3,189,908                | \$ 5,209                                      | \$ —                                 |
| Services and Supplies                            | 1,805,838                   | 25,893  | —                                    |
| Scholarships and Fellowships                     | 229,124                     | —   | —                                    |
| Benefits   | —                           | 1,837,329                                     | 626,058                              |
| Claims and Judgments                             | —                           | —   | —                                    |
| Depreciation                                     | 302,893                     | —   | —                                    |
| Amortization                                     | —                           | —   | —                                    |
| Total Operating Expenses                         | \$ 5,527,763                | \$ 1,868,431                                  | \$ 626,058                           |
| Operating Income (Loss)                          | \$ (2,446,432)              | \$ 144,857                                    | \$ (13,093)                          |
| Nonoperating Revenues (Expenses):                |                             |   |                                      |
| Grants and Contributions                         | \$ 201,540                  | \$ —  | \$ —                                 |
| Interest and Other Investment Income             | 61,444                      | 23,071  | 61,415                               |
| Interest Expense                                 | (54,544)                    | —   | —                                    |
| Other  | (2,433)                     | —   | —                                    |
| Total Nonoperating Revenues (Expenses)           | \$ 206,007                  | \$ 23,071                                     | \$ 61,415                            |
| Income (Loss) Before Contributions and Transfers | \$ (2,240,425)              | \$ 167,928                                    | \$ 48,322                            |
| Capital Contributions                            | \$ 263,921                  | \$ —  | \$ —                                 |
| Transfers:                                       |                             |   |                                      |
| Transfers In                                     | \$ 2,270,147                | \$ —  | \$ —                                 |
| Transfers Out                                    | (2,373)                     | —   | —                                    |
| Net Transfers                                    | \$ 2,267,774                | \$ 0  | \$ 0                                 |
| Change in Net Assets                             | \$ 291,270                  | \$ 167,928                                    | \$ 48,322                            |
| Net Assets, July 1 (Restated)                    | 4,966,285                   | 79,780  | 1,426,222                            |
| Net Assets, June 30                              | \$ 5,257,555                | \$ 247,708                                    | \$ 1,474,544                         |

Adjustment to reflect the consolidation of Internal Service Fund activities related to Enterprise Funds.

Change in Net Assets of Business-Type Activities

The notes to the financial statements are an integral part of this statement.

| - Enterprise Funds                        |                       |  |
|---|-----------------------|--|
| Nonmajor<br>Fund                          |                       | Governmental                                 |
| State<br>Road and<br>Tollway<br>Authority | Total                 | Activities -<br>Internal<br>Service<br>Funds |
| \$ —                                      | \$ 4,012,993          | \$ 84,649                                    |
| 47  | 4,938                 | 45,342                                       |
| 20,854                                    | 667,088               | 228,098                                      |
| —   | 1,204,116             | —  |
| —   | (242,241)             | —  |
| —   | 81,591                | 537  |
| <u>\$ 20,901</u>                          | <u>\$ 5,728,485</u>   | <u>\$ 358,626</u>                            |
| 1,627                                     | \$ 3,196,744          | \$ 78,838                                    |
| 3,593                                     | 1,835,324             | 218,078                                      |
| —   | 229,124               | —  |
| —   | 2,463,387             | —  |
| —   | 0                     | 76,715                                       |
| 791                                       | 303,684               | 27,161                                       |
| <u>4,958</u>                              | <u>4,958</u>          | <u>—</u>                                     |
| <u>\$ 10,969</u>                          | <u>\$ 8,033,221</u>   | <u>\$ 400,792</u>                            |
| <u>\$ 9,932</u>                           | <u>\$ (2,304,736)</u> | <u>\$ (42,166)</u>                           |
| \$ —                                      | \$ 201,540            | \$ —   |
| 1,104                                     | 147,034               | 21,598                                       |
| (1,876)                                   | (56,420)              | (252)  |
| <u>—</u>                                  | <u>(2,433)</u>        | <u>14,324</u>                                |
| <u>\$ (772)</u>                           | <u>\$ 289,721</u>     | <u>\$ 35,670</u>                             |
| <u>\$ 9,160</u>                           | <u>\$ (2,015,015)</u> | <u>\$ (6,496)</u>                            |
| <u>\$ —</u>                               | <u>\$ 263,921</u>     | <u>\$ 3,055</u>                              |
| \$ —                                      | \$ 2,270,147          | \$ 30,204                                    |
| <u>(4,408)</u>                            | <u>(6,781)</u>        | <u>(10,264)</u>                              |
| <u>\$ (4,408)</u>                         | <u>\$ 2,263,366</u>   | <u>\$ 19,940</u>                             |
| \$ 4,752                                  | \$ 512,272            | \$ 16,499                                    |
| <u>20,841</u>                             |                       | <u>489,761</u>                               |
| <u>\$ 25,593</u>                          |                       | <u>\$ 506,260</u>                            |
|   | <u>(7,930)</u>        |  |
| <u>\$ 504,342</u>                         |                       |  |

# State of Georgia

## Statement of Cash Flows

### Proprietary Funds

For the Fiscal Year Ended June 30, 2007

(expressed in thousands)

|   | Business-Type Activities    |   |
|---|-----------------------------|---|
|   | Higher<br>Education<br>Fund | State<br>Employees'<br>Health Benefit<br>Plan |
| Cash Flows from Operating Activities:                         |                             |   |
| Cash Received from Customers                                  | \$ 657,894                  | \$ —  |
| Cash Received from Grants and Required Contributions/Premiums | 1,358,528                   | 2,017,974                                     |
| Cash Received from Tuition and Fees                           | 966,856                     | —   |
| Cash Paid to Vendors  | (2,229,317)                 | (25,228)                                      |
| Cash Paid to Employees  | (2,694,894)                 | (5,202)                                       |
| Cash Paid for Benefits  | —                           | (1,904,772)                                   |
| Cash Paid for Claims and Judgments                            | —                           | —   |
| Cash Paid for Scholarships, Fellowships and Loans             | (243,233)                   | —   |
| Other Operating Items (Net)                                   | 96,464                      | —   |
| Net Cash Provided by (Used in) Operating Activities           | \$ (2,087,702)              | \$ 82,772                                     |
| Cash Flows from Noncapital Financing Activities:              |                             |   |
| Transfers from Other Funds                                    | \$ 2,270,147                | \$ —  |
| Transfers to Other Funds                                      | (2,373)                     | —   |
| Other Noncapital Items (Net)                                  | 221,889                     | —   |
| Net Cash Provided by Noncapital Financing Activities          | \$ 2,489,663                | \$ 0  |
| Cash Flows from Capital and Related Financing Activities:     |                             |   |
| Capital Contributions   | \$ 86,736                   | \$ —  |
| Proceeds from Sale of Capital Assets                          | 10,718                      | —   |
| Proceeds from Capital Debt                                    | 7,000                       | —   |
| Acquisition and Construction of Capital Assets                | (346,665)                   | —   |
| Principal Paid on Capital Debt                                | (31,554)                    | —   |
| Interest Paid on Capital Debt                                 | (52,749)                    | —   |
| Net Cash Used in Capital and Related Financing Activities     | \$ (326,514)                | \$ 0  |
| Cash Flows from Investing Activities:                         |                             |   |
| Sale (Purchase) of Investments (Net)                          | \$ 29,585                   | \$ 9,285                                      |
| Interest and Dividends Received                               | 46,201                      | 23,071  |
| Net Cash Provided by (Used in) Investing Activities           | \$ 75,786                   | \$ 32,356                                     |
| Net Increase in Cash and Cash Equivalents                     | \$ 151,233                  | \$ 115,128                                    |
| Cash and Cash Equivalents, July 1                             | 569,055                     | 222,231                                       |
| Cash and Cash Equivalents, June 30                            | <u>\$ 720,288</u>           | <u>\$ 337,359</u>                             |
| Statement of Net Assets Reconciliation:                       |                             |   |
| Current Assets  | \$ 704,639                  | \$ 337,359                                    |
| Noncurrent Assets   | 15,649                      | —   |
| Total Cash and Cash Equivalents, June 30                      | <u>\$ 720,288</u>           | <u>\$ 337,359</u>                             |

The notes to the financial statements are an integral part of this statement.

- Enterprise Funds

| Unemployment<br>Compensation<br>Fund | Nonmajor<br>Fund<br>State<br>Road and<br>Tollway<br>Authority | Total                 | Governmental<br>Activities -<br>Internal<br>Service<br>Funds |
|--------------------------------------|---|-----------------------|--|
| \$ —                                 | \$ 22,846   | \$ 680,740            | \$ 270,585   |
| 629,305                              | —   | 4,005,807             | 41,460   |
| —                                    | —   | 966,856               | —  |
| —                                    | (4,772)   | (2,259,317)           | (211,338)  |
| —                                    | (1,633)   | (2,701,729)           | (77,614)   |
| (623,005)                            | —   | (2,527,777)           | —  |
| —                                    | —   | 0                     | (107,605)  |
| —                                    | —   | (243,233)             | —  |
| 223                                  | —   | 96,687                | 81   |
| <u>\$ 6,523</u>                      | <u>\$ 16,441</u>  | <u>\$ (1,981,966)</u> | <u>\$ (84,431)</u>   |
| \$ —                                 | \$ —  | \$ 2,270,147          | \$ 4,500   |
| —                                    | (4,408)   | (6,781)               | (10,264)   |
| —                                    | 4,582   | 226,471               | 71,076   |
| <u>\$ 0</u>                          | <u>\$ 174</u>   | <u>\$ 2,489,837</u>   | <u>\$ 65,312</u>   |
| \$ —                                 | \$ —  | \$ 86,736             | \$ 1,487   |
| —                                    | —   | 10,718                | 15   |
| —                                    | —   | 7,000                 | —  |
| —                                    | (52)  | (346,717)             | (18,908)   |
| —                                    | (6,915)   | (38,469)              | (2,382)  |
| —                                    | (2,018)   | (54,767)              | (252)  |
| <u>\$ 0</u>                          | <u>\$ (8,985)</u>   | <u>\$ (335,499)</u>   | <u>\$ (20,040)</u>   |
| \$ —                                 | \$ (1,855)  | \$ 37,015             | \$ 112,809   |
| 61,415                               | 1,104   | 131,791               | 17,407   |
| <u>\$ 61,415</u>                     | <u>\$ (751)</u>   | <u>\$ 168,806</u>     | <u>\$ 130,216</u>  |
| \$ 67,938                            | \$ 6,879  | \$ 341,178            | \$ 91,057  |
| 1,328,191                            | —   | 2,119,477             | 80,649   |
| <u>\$ 1,396,129</u>                  | <u>\$ 6,879</u>   | <u>\$ 2,460,655</u>   | <u>\$ 171,706</u>  |
| \$ 1,396,129                         | \$ 6,813  | \$ 2,444,940          | \$ 171,706   |
| —                                    | 66  | 15,715                | —  |
| <u>\$ 1,396,129</u>                  | <u>\$ 6,879</u>   | <u>\$ 2,460,655</u>   | <u>\$ 171,706</u>  |

(continued)

# State of Georgia

## Statement of Cash Flows

### Proprietary Funds (continued)

For the Fiscal Year Ended June 30, 2007

(expressed in thousands)

|   | Business-Type Activities    |   |
|---|-----------------------------|---|
|   | Higher<br>Education<br>Fund | State<br>Employees'<br>Health Benefit<br>Plan |
| Operating Income (Loss)   | \$ (2,446,432)              | \$ 144,857                                    |
| Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by<br>(Used in) Operating Activities: |                             |   |
| Depreciation/Amortization Expense   | 302,893                     | —   |
| Changes in Assets and Liabilities:  |                             |   |
| Decrease (Increase) in Accounts Receivable  | (30,983)                    | 6,678   |
| Decrease (Increase) in Due From Other Funds   | —                           | —   |
| Increase in Due From Component Units  | —                           | —   |
| Increase in Intergovernmental Receivables   | —                           | —   |
| Increase in Inventories   | (984)                       | —   |
| Decrease (Increase) in Prepaid Items  | 920                         | —   |
| Decrease in Other Assets  | 401                         | —   |
| Decrease in Notes Receivable  | 1,151                       | —   |
| Increase (Decrease) in Accounts Payable and Other Accruals  | 46,836                      | 665   |
| Increase in Due to Other Funds  | —                           | —   |
| Increase (Decrease) in Salaries/Withholdings Payable  | 253                         | 6   |
| Increase (Decrease) in Benefits Payable   | (836)                       | (67,443)                                      |
| Increase in Funds Held for Others   | —                           | —   |
| Increase (Decrease) in Unearned Revenue   | 11,471                      | (1,992)                                       |
| Decrease in Deposits  | —                           | —   |
| Decrease in Claims and Judgments Payable  | —                           | —   |
| Increase in Compensated Absences Payable  | 16,099                      | 1   |
| Increase (Decrease) in Other Liabilities  | 11,509                      | —   |
| Net Cash Provided by (Used) in Operating Activities   | \$ (2,087,702)              | \$ 82,772                                     |
| Noncash Investing, Capital, and Financing Activities:   |                             |   |
| Acquisition of Capital and Other Assets through Capital Leases  | \$ 390,994                  | \$ —  |
| Donation of Capital Assets  | 92,381                      | —   |
| Net Increase (Decrease) in Fair Value of Investments  | 15,239                      | —   |
| Other Noncash Items   | 233                         | —   |

The notes to the financial statements are an integral part of this statement.

- Enterprise Funds

| Unemployment<br>Compensation<br>Fund | Nonmajor<br>Fund<br>State<br>Road and<br>Tollway<br>Authority | Total                 | Governmental<br>Activities -<br>Internal<br>Service<br>Funds |
|--------------------------------------|---|-----------------------|--|
| \$ (13,093)                          | \$ 9,932  | \$ (2,304,736)        | \$ (42,166)  |
| —                                    | 5,749   | 308,642               | 27,161   |
| 20,580                               | (24)  | (3,749)               | (498)  |
| —                                    | 2,025   | 2,025                 | (45,325)   |
| —                                    | —   | 0                     | (105)  |
| (178)                                | —   | (178)                 | (15)   |
| —                                    | (778)   | (1,762)               | (383)  |
| —                                    | —   | 920                   | (816)  |
| —                                    | —   | 401                   | —  |
| —                                    | —   | 1,151                 | —  |
| 3,153                                | (401)   | 50,253                | 7,906  |
| —                                    | —   | 0                     | 29   |
| —                                    | —   | 259                   | (90)   |
| 3,053                                | —   | (65,226)              | —  |
| —                                    | —   | 0                     | 2  |
| (6,992)                              | (45)  | 2,442                 | (555)  |
| —                                    | (11)  | (11)                  | —  |
| —                                    | —   | 0                     | (30,890)   |
| —                                    | —   | 16,100                | 1,314  |
| —                                    | (6)   | 11,503                | —  |
| \$ <u>6,523</u>                      | \$ <u>16,441</u>  | \$ <u>(1,981,966)</u> | \$ <u>(84,431)</u>   |

|      |      |            |          |
|------|------|------------|----------|
| \$ — | \$ — | \$ 390,994 | \$ 4,052 |
| —    | —    | 92,381     | 27,272   |
| —    | —    | 15,239     | 4,191    |
| —    | —    | 233        | —        |



# State of Georgia

## Statement of Fiduciary Net Assets

### Fiduciary Funds

June 30, 2007

(expressed in thousands)

|   | Pension and Other<br>Employee Benefits<br>Trust | Investment<br>Trust | Private Purpose<br>Trust | Agency            | Total                |
|---|---|---------------------|--------------------------|-------------------|----------------------|
| <b>Assets</b>                           |   |                     |                          |                   |                      |
| Cash and Cash Equivalents               | \$ 82,784                                       | \$ 5,098,336        | \$ 4,418                 | \$ 417,158        | \$ 5,602,696         |
| Receivables                             |   |                     |                          |                   |                      |
| Interest and Dividends                  | 335,052   | 11                  | —                        | —                 | 335,063              |
| Due from Brokers for Securities Sold    | 290,092   | —                   | —                        | —                 | 290,092              |
| Other                                   | 1,046,381                                       | —                   | —                        | 2,455             | 1,048,836            |
| Due from Other Funds                    | 1,373   | —                   | —                        | —                 | 1,373                |
| Investments, at Fair Value              |   |                     |                          |                   |                      |
| Certificates of Deposit                 | —   | —                   | —                        | 2,677             | 2,677                |
| Investment Accounts                     | 87  | —                   | —                        | —                 | 87                   |
| Pooled Investments                      | 16,485,457                                      | 905,128             | 492                      | 53,228            | 17,444,305           |
| Mutual Funds                            | 1,328,075                                       | —                   | —                        | —                 | 1,328,075            |
| Repurchase Agreements                   | 2,637,771                                       | —                   | —                        | —                 | 2,637,771            |
| Municipal, U. S. and Foreign            |   |                     |                          |                   |                      |
| Government Obligations                  | 15,464,749                                      | —                   | —                        | —                 | 15,464,749           |
| Corporate Bonds/Notes/Debentures        | 2,000,497                                       | —                   | —                        | —                 | 2,000,497            |
| Stocks                                  | 33,375,811                                      | —                   | —                        | —                 | 33,375,811           |
| Asset-Backed Securities                 | 13,254  | —                   | —                        | —                 | 13,254               |
| Mortgage Investments                    | 61,023  | —                   | —                        | —                 | 61,023               |
| Real Estate Investment Trusts           | 1,466   | —                   | —                        | —                 | 1,466                |
| Capital Assets                          |   |                     |                          |                   |                      |
| Land                                    | 2,071   | —                   | —                        | —                 | 2,071                |
| Buildings                               | 7,440   | —                   | —                        | —                 | 7,440                |
| Software                                | 29,247  | —                   | —                        | —                 | 29,247               |
| Machinery and Equipment                 | 2,566   | —                   | 191                      | —                 | 2,757                |
| Accumulated Depreciation                | (13,683)  | —                   | (169)                    | —                 | (13,852)             |
| Other Assets                            | —   | —                   | —                        | 3,656             | 3,656                |
| <b>Total Assets</b>                     | <b>\$ 73,151,513</b>                            | <b>\$ 6,003,475</b> | <b>\$ 4,932</b>          | <b>\$ 479,174</b> | <b>\$ 79,639,094</b> |
| <b>Liabilities</b>                      |   |                     |                          |                   |                      |
| Accounts Payable and Other Accruals     | \$ 1,029,427                                    | \$ —                | \$ 19                    | \$ 8,556          | \$ 1,038,002         |
| Due to Other Funds                      | 1,408   | —                   | —                        | —                 | 1,408                |
| Due to Brokers for Securities Purchased | 105,340   | —                   | —                        | —                 | 105,340              |
| Salaries/Withholdings Payable           | 16,584  | —                   | —                        | —                 | 16,584               |
| Funds Held for Others                   | —   | —                   | —                        | 471,394           | 471,394              |
| Notes Payable                           | 27  | —                   | —                        | —                 | 27                   |
| Unearned Revenue                        | 23  | —                   | —                        | —                 | 23                   |
| Compensated Absences Payable            | 57  | —                   | 170                      | —                 | 227                  |
| Other Liabilities                       | —   | —                   | —                        | (776)             | (776)                |
| <b>Total Liabilities</b>                | <b>\$ 1,152,866</b>                             | <b>\$ 0</b>         | <b>\$ 189</b>            | <b>\$ 479,174</b> | <b>\$ 1,632,229</b>  |
| <b>Net Assets</b>                       |   |                     |                          |                   |                      |
| Held in Trust for:                      |   |                     |                          |                   |                      |
| Pension Benefits                        | \$ 71,035,264                                   | \$ —                | \$ —                     | \$ —              | \$ 71,035,264        |
| Other Employee Benefits                 | 963,383   | —                   | —                        | —                 | 963,383              |
| Pool Participants                       | —   | 6,003,475           | —                        | —                 | 6,003,475            |
| Other Purposes                          | —   | —                   | 4,743                    | —                 | 4,743                |
| <b>Total Net Assets</b>                 | <b>\$ 71,998,647</b>                            | <b>\$ 6,003,475</b> | <b>\$ 4,743</b>          | <b>\$ 0</b>       | <b>\$ 78,006,865</b> |

The notes to the financial statements are an integral part of this statement.

# State of Georgia

## Statement of Changes in Fiduciary Net Assets

### Fiduciary Funds

For the Fiscal Year Ended June 30, 2007

(expressed in thousands)

|  | Pension and Other<br>Employee Benefits<br>Trust | Investment<br>Trust | Private Purpose<br>Trust | Total         |
|--|---|---------------------|--------------------------|---------------|
| <b>Additions:</b>  |   |                     |                          |               |
| Contributions/Assessments                                  |   |                     |                          |               |
| Employer   | \$ 1,643,296                                    | \$ —                | \$ —                     | \$ 1,643,296  |
| Plan Members/Participants                                  | 664,118   | —                   | 142,273                  | 806,391       |
| Other Contributions  |   |                     |                          |               |
| Fines and Bond Forfeitures                                 | 21,592  | —                   | —                        | 21,592        |
| Insurance Company Premium Taxes                            | 22,538  | —                   | —                        | 22,538        |
| Insurance Premiums   | 9,107   | —                   | —                        | 9,107         |
| Other Fees   | 4,314   | —                   | —                        | 4,314         |
| Interest and Other Investment Income                       |   |                     |                          |               |
| Dividends and Interest                                     | 2,040,742                                       | 282,753             | 3,214                    | 2,326,709     |
| Net Appreciation (Depreciation) in Investments Reported at |   |                     |                          |               |
| Fair Value   | 7,285,249                                       | 577                 | —                        | 7,285,826     |
| Less: Investment Expense                                   | (74,232)  | (1,572)             | —                        | (75,804)      |
| Pool Participant Deposits                                  | —   | 8,752,250           | —                        | 8,752,250     |
| Other  |   |                     |                          |               |
| Transfers from Other Funds                                 | 875,416   | —                   | —                        | 875,416       |
| Transfers to Other Funds                                   | (872,320)                                       | —                   | —                        | (872,320)     |
| Miscellaneous  | 2,539   | —                   | —                        | 2,539         |
| Total Additions  | \$ 11,622,359                                   | \$ 9,034,008        | \$ 145,487               | \$ 20,801,854 |
| <b>Deductions:</b>   |   |                     |                          |               |
| General and Administrative Expenses                        | \$ 68,444                                       | \$ —                | \$ 2,996                 | \$ 71,440     |
| Benefits   | 3,822,685                                       | —                   | 141,875                  | 3,964,560     |
| Pool Participant Withdrawals                               | —   | 7,466,959           | —                        | 7,466,959     |
| Refunds  | 73,707  | —                   | —                        | 73,707        |
| Total Deductions   | \$ 3,964,836                                    | \$ 7,466,959        | \$ 144,871               | \$ 11,576,666 |
| Change in Net Assets Held in Trust for:                    |   |                     |                          |               |
| Pension and Other Employee Benefits                        | \$ 7,657,523                                    | \$ —                | \$ —                     | \$ 7,657,523  |
| Pool Participants  | —   | 1,567,049           | —                        | 1,567,049     |
| Other Purposes   | —   | —                   | 616                      | 616           |
| Net Assets, July 1   | 64,341,124                                      | 4,436,426           | 4,127                    | 68,781,677    |
| Net Assets, June 30  | \$ 71,998,647                                   | \$ 6,003,475        | \$ 4,743                 | \$ 78,006,865 |

The notes to the financial statements are an integral part of this statement.

# State of Georgia

## Combining Statement of Net Assets

### Component Units

June 30, 2007

(expressed in thousands)

|                                     | Georgia<br>Environmental<br>Facilities<br>Authority | Georgia<br>Housing and<br>Finance<br>Authority | Georgia<br>Lottery<br>Corporation |
|-------------------------------------|---|--|-----------------------------------|
| <b>Assets</b>                       |   |  |                                   |
| Current Assets:                     |   |  |                                   |
| Cash and Cash Equivalents           | \$ 223,875  | \$ 77,705                                      | \$ 6,804                          |
| Investments                         | 78,943  | 4,625  | —                                 |
| Receivables                         |   |  |                                   |
| Accounts (Net)                      | 5,252   | —  | 128,182                           |
| Taxes                               | —   | —  | —                                 |
| Interest and Dividends              | 14,413  | 979  | —                                 |
| Notes and Loans                     | —   | —  | —                                 |
| Due from Primary Government         | —   | —  | —                                 |
| Due from Component Units            | —   | —  | —                                 |
| Intergovernmental Receivables       | 2,064   | —  | —                                 |
| Inventories                         | —   | —  | —                                 |
| Prepaid Items                       | —   | —  | 2,871                             |
| Other Current Assets                | 1   | 15,793   | —                                 |
| Noncurrent Assets:                  |   |  |                                   |
| Investments                         | 160,964   | 99,827   | —                                 |
| Receivables (Net)                   |   |  |                                   |
| Notes and Loans                     | 1,035,052   | 232,081  | —                                 |
| Other                               | —   | —  | —                                 |
| Due from Primary Government         | —   | —  | —                                 |
| Due from Component Units            | —   | —  | —                                 |
| Restricted Assets                   |   |  |                                   |
| Cash and Cash Equivalents           | —   | 29,701   | 4,007                             |
| Investments                         | —   | 99,652   | 233,231                           |
| Receivables                         |   |  |                                   |
| Loans (Net)                         | —   | 616,802  | —                                 |
| Interest and Dividends              | —   | 5,298  | —                                 |
| Other                               | —   | —  | —                                 |
| Deferred Charges                    | —   | 15,076   | —                                 |
| Capital Assets:                     |   |  |                                   |
| Land                                | —   | 800  | —                                 |
| Buildings and Building Improvements | —   | 3,865  | 2,257                             |
| Improvements Other Than Buildings   | —   | 2,260  | —                                 |
| Machinery and Equipment             | 93  | 751  | 16,421                            |
| Software                            | —   | —  | 1,554                             |
| Works of Art and Collections        | —   | —  | —                                 |
| Infrastructure                      | —   | —  | —                                 |
| Construction in Progress            | —   | —  | —                                 |
| Accumulated Depreciation            | (47)  | (3,362)  | (15,329)                          |
| Other Noncurrent Assets             | 43  | —  | —                                 |
| <b>Total Assets</b>                 | <b>\$ 1,520,653</b>                                 | <b>\$ 1,201,853</b>                            | <b>\$ 379,998</b>                 |

The notes to the financial statements are an integral part of this statement.

| Georgia Tech<br>Foundation,<br>Incorporated | Nonmajor<br>Component<br>Units | Total         |
|---|--------------------------------|---------------|
| \$ 8,359                                    | \$ 643,751                     | \$ 960,494    |
| —   | 208,057                        | 291,625       |
| 11,405                                      | 228,030                        | 372,869       |
| —   | 311                            | 311           |
| —   | 3,980                          | 19,372        |
| 1,341                                       | 164,886                        | 166,227       |
| —   | 1,044                          | 1,044         |
| —   | 4,650                          | 4,650         |
| —   | 11,650                         | 13,714        |
| —   | 16,915                         | 16,915        |
| —   | 10,139                         | 13,010        |
| —   | 54,482                         | 70,276        |
| 1,348,125                                   | 1,211,699                      | 2,820,615     |
| —   | 8,561                          | 1,275,694     |
| 202,085                                     | 528,931                        | 731,016       |
| —   | 3,500                          | 3,500         |
| —   | 90,332                         | 90,332        |
| —   | 153,678                        | 187,386       |
| —   | 46,212                         | 379,095       |
| —   | —                              | 616,802       |
| —   | —                              | 5,298         |
| —   | 131                            | 131           |
| —   | —                              | 15,076        |
| 2,553                                       | 269,206                        | 272,559       |
| 38,051                                      | 1,244,416                      | 1,288,589     |
| —   | 316,877                        | 319,137       |
| 7,145                                       | 541,050                        | 565,460       |
| —   | —                              | 1,554         |
| —   | 1,042                          | 1,042         |
| —   | 191,770                        | 191,770       |
| —   | 249,374                        | 249,374       |
| (8,626)                                     | (898,527)                      | (925,891)     |
| 20,037                                      | 37,789                         | 57,869        |
| \$ 1,630,475                                | \$ 5,343,936                   | \$ 10,076,915 |
|   |                                | (continued)   |

# State of Georgia

## Statement of Net Assets

### Component Units (continued)

June 30, 2007

(expressed in thousands)

|  | Georgia<br>Environmental<br>Facilities<br>Authority | Georgia<br>Housing and<br>Finance<br>Authority | Georgia<br>Lottery<br>Corporation |
|--|---|--|-----------------------------------|
| <b>Liabilities</b>                                     |   |  |                                   |
| Current Liabilities:                                   |   |  |                                   |
| Accounts Payable and Other Accruals                    | \$ 2,654  | \$ 12,853                                      | \$ 124,413                        |
| Due to Primary Government                              | —   | 2  | 12,106                            |
| Due to Component Units                                 | —   | —  | —                                 |
| Salaries/Withholdings Payable                          | —   | —  | —                                 |
| Accrued Interest Payable                               | 812   | 2,852  | —                                 |
| Contracts Payable                                      | —   | —  | —                                 |
| Funds Held for Others                                  | —   | —  | —                                 |
| Unearned Revenue                                       | 19,791  | —  | —                                 |
| Compensated Absences Payable - Current                 | 59  | —  | 208                               |
| Capital Leases/Installment Purchases Payable - Current | 7   | —  | —                                 |
| Notes and Loans Payable - Current                      | —   | —  | —                                 |
| Revenue Bonds Payable - Current                        | 6,780   | 22,117   | —                                 |
| Grand Prizes Payable - Current                         | —   | —  | 11,766                            |
| Other Current Liabilities                              | —   | 100,817  | —                                 |
| Current Liabilities Payable from Restricted Assets:    |   |  |                                   |
| Accrued Interest Payable                               | —   | —  | —                                 |
| Revenue Bonds Payable - Current                        | —   | —  | —                                 |
| Other  | —   | —  | 3,936                             |
| Noncurrent Liabilities:                                |   |  |                                   |
| Unearned Revenue                                       | —   | 235,784  | —                                 |
| Compensated Absences Payable                           | 236   | —  | 1,891                             |
| Capital Leases/Installment Purchases Payable           | 23  | —  | —                                 |
| Notes and Loans Payable                                | —   | —  | —                                 |
| Revenue/Mortgage Bonds Payable                         | 27,795  | 689,980  | —                                 |
| Grand Prizes Payable                                   | —   | —  | 224,624                           |
| Advances from Primary Government                       | —   | —  | —                                 |
| Due to Component Units                                 | —   | —  | —                                 |
| Other Noncurrent Liabilities                           | —   | —  | 796                               |
| Total Liabilities                                      | \$ 58,157   | \$ 1,064,405                                   | \$ 379,740                        |
| <b>Net Assets</b>                                      |   |  |                                   |
| Invested in Capital Assets, Net of Related Debt        | \$ 16   | \$ 4,314                                       | \$ 4,903                          |
| Restricted for:  |   |  |                                   |
| Bond Covenants/Debt Service                            | 22,305  | —  | —                                 |
| Construction   | —   | —  | —                                 |
| Higher Education                                       | —   | —  | —                                 |
| Expendable   | —   | —  | —                                 |
| Nonexpendable  | —   | —  | —                                 |
| Loan and Grant Programs                                | 41,628  | —  | —                                 |
| Other Purposes   | —   | —  | 71                                |
| Unrestricted   | 1,398,547   | 133,134  | (4,716)                           |
| Total Net Assets                                       | \$ 1,462,496  | \$ 137,448                                     | \$ 258                            |

The notes to the financial statements are an integral part of this statement.

| Georgia Tech<br>Foundation,<br>Incorporated | Nonmajor<br>Component<br>Units | Total               |
|---|--------------------------------|---------------------|
| \$ 6,998                                    | \$ 141,360                     | \$ 288,278          |
| —   | 78,366                         | 90,474              |
| 430   | 4,220                          | 4,650               |
| —   | 10,816                         | 10,816              |
| —   | —                              | 3,664               |
| —   | 751                            | 751                 |
| —   | 23,612                         | 23,612              |
| 2,206                                       | 121,980                        | 143,977             |
| 245   | 15,586                         | 16,098              |
| —   | 5,964                          | 5,971               |
| 43,726                                      | 37,965                         | 81,691              |
| 4,605                                       | 28,326                         | 61,828              |
| —   | —                              | 11,766              |
| 1,608                                       | 15,960                         | 118,385             |
| —   | 4,368                          | 4,368               |
| —   | 7,210                          | 7,210               |
| —   | —                              | 3,936               |
| 42,616                                      | 255,891                        | 534,291             |
| —   | 3,339                          | 5,466               |
| —   | 25,135                         | 25,158              |
| 20,000                                      | 65,311                         | 85,311              |
| 207,330                                     | 1,413,015                      | 2,338,120           |
| —   | —                              | 224,624             |
| —   | 16,478                         | 16,478              |
| 90,332                                      | —                              | 90,332              |
| 9,117                                       | 45,325                         | 55,238              |
| <u>\$ 429,213</u>                           | <u>\$ 2,320,978</u>            | <u>\$ 4,252,493</u> |
| \$ 593                                      | \$ 944,741                     | \$ 954,567          |
| —   | 37,749                         | 60,054              |
| 11,386                                      | 1,000                          | 12,386              |
| 417,988                                     | 500,736                        | 918,724             |
| 353,618                                     | 524,029                        | 877,647             |
| —   | —                              | 41,628              |
| —   | 2,305                          | 2,376               |
| <u>417,677</u>                              | <u>1,012,398</u>               | <u>2,957,040</u>    |
| <u>\$ 1,201,262</u>                         | <u>\$ 3,022,958</u>            | <u>\$ 5,824,422</u> |

# State of Georgia

## Combining Statement of Activities

### Component Units

For the Fiscal Year Ended June 30, 2007

(expressed in thousands)

|  | Georgia<br>Environmental<br>Facilities<br>Authority | Georgia<br>Housing and<br>Finance<br>Authority |
|--|---|--|
| Expenses                               | \$ 31,897   | \$ 92,199                                      |
| Program Revenues:                      |   |  |
| Sales and Charges for Services         | \$ 36,242   | \$ 46,097                                      |
| Operating Grants and Contributions     | 65,383  | 41,803   |
| Capital Grants and Contributions       | 65,613  | —  |
| Total Program Revenues                 | \$ 167,238  | \$ 87,900                                      |
| Net (Expenses) Revenue                 | \$ 135,341  | \$ (4,299)                                     |
| General Revenues:                      |   |  |
| Taxes                                  | \$ —  | \$ —   |
| Unrestricted Investment Income         | 1,596   | 14,252   |
| Payments from the State of Georgia     | —   | —  |
| Contributions to Permanent Endowments  | —   | —  |
| Other                                  | 266   | —  |
| Total General Revenues                 | \$ 1,862  | \$ 14,252                                      |
| Change in Net Assets                   | \$ 137,203  | \$ 9,953                                       |
| Net Assets, July 1 - Restated (Note 3) | 1,325,293   | 127,495  |
| Adjustments                            | —   | —  |
| Correction of Prior Year Errors        | —   | —  |
| Net Assets, June 30                    | \$ 1,462,496  | \$ 137,448                                     |

The notes to the financial statements are an integral part of this statement.

| <u>Georgia<br/>Lottery<br/>Corporation</u> | <u>Georgia Tech<br/>Foundation,<br/>Incorporated</u> | <u>Nonmajor<br/>Component<br/>Units</u> | <u>Total</u> |
|--|--|---|--------------|
| \$ 3,186,980                               | \$ 115,988   | \$ 1,756,246                            | \$ 5,183,310 |
| \$ 3,183,453                               | \$ 17,060  | \$ 1,063,887                            | \$ 4,346,739 |
| —  | 52,201   | 617,154                                 | 776,541      |
| —  | —  | 69,646                                  | 135,259      |
| \$ 3,183,453                               | \$ 69,261  | \$ 1,750,687                            | \$ 5,258,539 |
| \$ (3,527)                                 | \$ (46,727)  | \$ (5,559)                              | \$ 75,229    |
| \$ —                                       | \$ —   | \$ 28,100                               | \$ 28,100    |
| 5,630                                      | 222,887  | 213,796                                 | 458,161      |
| —  | —  | 73,564                                  | 73,564       |
| —  | 27,948   | 25,926                                  | 53,874       |
| —  | 198  | 16,811                                  | 17,275       |
| \$ 5,630                                   | \$ 251,033   | \$ 358,197                              | \$ 630,974   |
| \$ 2,103                                   | \$ 204,306   | \$ 352,638                              | \$ 706,203   |
| (1,845)                                    | 996,956  | 2,669,633                               | 5,117,532    |
| —  | —  | 9,522                                   | 9,522        |
| —  | —  | (8,835)                                 | (8,835)      |
| \$ 258                                     | \$ 1,201,262   | \$ 3,022,958                            | \$ 5,824,422 |



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# State of Georgia

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## Notes to the Financial Statements

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# State of Georgia

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## Notes to the Financial Statements For the Fiscal Year Ended June 30, 2007

### Note 1. Summary of Significant Accounting Policies

#### A. Basis of Presentation

The financial statements of the State of Georgia have been prepared in conformity with GAAP as prescribed by the Governmental Accounting Standards Board (GASB). Preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements. Actual results could differ from those estimates.

#### B. Financial Reporting Entity

For financial reporting purposes, the State of Georgia reporting entity includes the primary government and its component units. The primary government consists of all the organizations that compose the legal entity of the State of Georgia. All agencies, departments, authorities, commissions, courts, councils, boards, universities, colleges, retirement funds, associations and other organizations that are not legally separate are, for financial reporting purposes, considered part of the primary government. Component units are legally separate organizations for which the State's elected officials are financially accountable.

Financial accountability is the ability of the State to appoint a voting majority of an organization's governing board and to impose its will upon the organization or when there exists the potential for the organization to provide specific financial benefits or impose specific financial burdens on the primary government. When the State does not appoint a voting majority of an organization's governing body, GASB standards require inclusion in the financial reporting entity if an organization is fiscally dependent upon the State, its resources are held for the direct benefit of the State or can be accessed by the State, or the relationship is such that it would be misleading to exclude it.

#### Blended Component Units

Blended component units provide services entirely or almost entirely to the primary government. As such, although they are legally separate entities, they are, in substance, part of the government's operations. GASB standards require this type of component unit to be reported as part of the primary government and blended into the appropriate funds. The State's blended component units are as follows:

##### *Special Revenue Funds*

Georgia Economic Development Foundation, Inc.  
Georgia Tourism Foundation  
State Road and Tollway Authority

##### *Capital Projects Funds*

Georgia Building Authority (Hospital)  
Georgia Building Authority (Markets)  
Georgia Building Authority (Penal)  
Georgia Education Authority (University)

##### *Enterprise Funds*

Higher Education Fund  
Georgia Military College  
State Road and Tollway Authority

##### *Internal Service Funds*

Georgia Building Authority  
Georgia Correctional Industries Administration  
Georgia Technology Authority

#### Discretely Presented Component Units

Discrete presentation entails reporting component unit financial data in a separate column and/or rows in each of the government-wide statements to emphasize that these component units are legally separate from the State. The State's discretely presented component units are as follows:

##### *Authorities and Similar Organizations*

Geo. L. Smith II Georgia World Congress Center Authority  
Georgia Agricultural Exposition Authority  
Georgia Agrirama Development Authority  
Georgia Development Authority  
Georgia Environmental Facilities Authority  
Georgia Golf Hall of Fame Authority  
Georgia Higher Education Assistance Corporation  
Georgia Highway Authority  
Georgia Housing and Finance Authority  
Georgia International and Maritime Trade Center Authority  
Georgia Lottery Corporation  
Georgia Medical Center Authority  
Georgia Music Hall of Fame Authority  
Georgia Ports Authority  
Georgia Public Telecommunications Commission  
Georgia Rail Passenger Authority  
Georgia Regional Transportation Authority  
Georgia Seed Development Commission  
Georgia Sports Hall of Fame Authority  
Georgia Student Finance Authority  
Jekyll Island State Park Authority  
Lake Lanier Islands Development Authority  
North Georgia Mountains Authority  
Oconee River Greenway Authority  
OneGeorgia Authority  
Regional Educational Service Agencies  
Sapelo Island Heritage Authority  
Southwest Georgia Railroad Excursion Authority  
Stone Mountain Memorial Association  
Superior Court Clerks' Cooperative Authority

# State of Georgia

## Notes to the Financial Statements For the Fiscal Year Ended June 30, 2007

### Note 1. Summary of Significant Accounting Policies (continued)

#### *Higher Education Foundations and Similar Organizations*

Georgia College and State University Foundation  
Georgia Southern University Housing Foundation,

Incorporated

Georgia State University Foundation

Georgia Tech Athletic Association

Georgia Tech Facilities, Incorporated

Georgia Tech Foundation, Incorporated

Georgia Tech Research Corporation

Kennesaw State University Foundation, Incorporated

Medical College of Georgia Foundation, Incorporated

Medical College of Georgia Health, Incorporated

Medical College of Georgia Physician's Practice Group  
Foundation

University of Georgia Athletic Association, Incorporated

University of Georgia Foundation

University of Georgia Research Foundation, Incorporated

#### **Fiduciary Component Units**

GAAP requires fiduciary component units to be reported as fiduciary funds of the primary government rather than as discrete component units. In accordance with GAAP, fiduciary funds and component units that are fiduciary in nature are excluded from the government-wide financial statements. The State's fiduciary component units are as follows:

#### *Pension Trust Funds*

Employees' Retirement System of Georgia

Georgia Military Pension Fund

Legislative Retirement System

Public School Employees Retirement System

Teachers Retirement System of Georgia

The State's significant component units issue their own separate audited financial statements. The financial statements for fiduciary component units and authorities and similar organizations can be obtained from their respective administrative offices or from the Georgia Department of Audits and Accounts, 270 Washington Street, S.W., Suite 1-156, Atlanta, Georgia 30334. The financial statements for the higher education foundations and similar organizations can be obtained from their respective administrative offices or from the Board of Regents of the University System of Georgia, 270 Washington Street, S.W., Atlanta, Georgia 30334.

### C. Government-Wide and Fund Financial Statements

#### **Government-Wide Financial Statements**

The Statement of Net Assets and Statement of Activities display information about the primary government and its component units. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities, which normally are financed through taxes, intergovernmental revenues, and other non-exchange revenues are reported separately from business-type activities, which are financed in whole or in part by fees charged to external parties for goods or services. Likewise, the primary government is reported separately from its discretely presented component units.

The Statement of Net Assets presents the reporting entity's non-fiduciary assets and liabilities, with the difference reported as net assets.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable within a specific function. Program revenues include (a) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not meeting the definition of program revenues are instead reported as general revenues.

#### **Fund Financial Statements**

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though fiduciary funds are excluded from the government-wide statements. Major individual governmental funds and major individual proprietary funds are reported as separate columns in the fund financial statements. All remaining governmental and proprietary funds are aggregated and reported as nonmajor funds. Internal service funds are also aggregated and reported in a separate column on the proprietary funds financial statements.

### D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements and the proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting.

# State of Georgia

## Notes to the Financial Statements For the Fiscal Year Ended June 30, 2007

### Note 1. Summary of Significant Accounting Policies (continued)

Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of cash flows. Property taxes are recognized as revenues in the fiscal year for which they are levied. Grants and similar items are recognized as revenues in the fiscal year in which eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the State generally considers taxes and other revenues to be available if the revenues are collected within 30 days after fiscal year end. An exception to this policy is federal grant revenues, which generally are considered to be available if collection is expected within 12 months after year end.

Expenditures generally are recorded when the related fund liability is incurred, as under the accrual basis of accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due or (for debt service expenditures) when amounts have been accumulated in the debt service fund for payments to be made early in the subsequent fiscal year.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Revenues and expenses not meeting this definition, such as investment earnings, are reported as nonoperating.

The State's proprietary funds follow all GASB pronouncements, and all Financial Accounting Standards Board (FASB) pronouncements issued on or before November 30, 1989, except those that conflict with a GASB pronouncement.

When both restricted and unrestricted resources are available for use, generally it is the State's policy to use restricted resources first, and then unrestricted resources as they are needed.

Generally accepted accounting principles require that revenues and expenses relating to summer school activities, the dates of which cross the State's fiscal year, are allocated between fiscal years rather than reported in a single fiscal year. The Higher Education Fund (major enterprise fund) reports summer revenues and expenses in the year in which the predominate activity takes place.

The State reports the following major governmental funds:

The **General Fund** is the principal operating fund of the State. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The **Georgia State Financing and Investment Commission (Capital Projects Fund)** accounts for the construction of projects for state agencies financed through the issuance of public debt, including educational facilities for county and independent school systems.

The State reports the following major enterprise funds:

The **Higher Education Fund** accounts for the operations of State colleges and universities and State technical colleges.

The **State Employees' Health Benefit Plan** is a self-insured program of health benefits for the employees of units of government of the State of Georgia, units of county government and local education agencies located within the State of Georgia.

The **Unemployment Compensation Fund** accounts for the collection of employers' unemployment insurance tax and the payment of unemployment insurance benefits.

Additionally, the State reports the following fund types and nonmajor funds:

#### Governmental Fund Types:

**Special Revenue Funds** – These funds account for specific revenue sources that are legally restricted to expenditures for specific purposes. The State's special revenue funds represent the blended component units that conduct general governmental functions.

**Debt Service Fund** – This fund accounts for the payment of principal and interest on general long-term debt. The primary government debt service fund is the General Obligation Debt Sinking Fund. The Debt Sinking Fund is a legally mandated fund responsible for fulfilling annual debt service requirements on all general obligation debt.

# State of Georgia

## Notes to the Financial Statements For the Fiscal Year Ended June 30, 2007

### Note 1. Summary of Significant Accounting Policies (continued)

**Capital Projects Funds** – These funds account for the acquisition or construction of capital facilities.

**Permanent Fund** – This fund is used to report resources of the Pupils Trust Fund at Georgia Academy for the Blind that are legally restricted to the extent that only earnings, and not principal, may be used for Academy student activities.

#### Proprietary Fund Types:

**Enterprise Fund** – This fund accounts for those activities for which fees are charged to external users for goods or services. This fund is also used when the activity is financed with debt that is secured by a pledge of the net revenues from the fees. The State Road and Tollway Authority's Georgia 400 Project Fund is the State's nonmajor enterprise fund.

**Internal Service Funds** – These funds account for the financing of goods or services provided by one department or agency to other State departments or agencies, or to other governmental entities, on a cost-reimbursement basis. The predominant participant in internal service fund activity is the primary government. The activities accounted for in the State's internal service funds include risk management, prison industries, property management, technology, and personnel administration.

#### Fiduciary Fund Types:

**Pension and Other Employee Benefit Trust Funds** – These funds account for the retirement systems and plans administered by the Employees' Retirement System, for the Teachers Retirement System, and for pension plans administered on behalf of a variety of local government officials and employees. These funds also include those used to report the accumulation of resources for, and payment of, other postemployment benefits.

**Investment Trust Funds** – These funds account for the external portions of government-sponsored investment pools, including Georgia Fund I, Georgia Extended Asset Pool, and the Regents Investment Pool.

**Private Purpose Trust Funds** – These funds report resources of all other trust arrangements in which principal and income benefit individuals, private organizations, or other governments. Auctioneers and Real Estate Recovery Trust Funds, and the Subsequent Injury Trust Fund are reported in this category.

**Agency Funds** – These funds report assets and liabilities for deposits and investments entrusted to the State as an agent for other governmental units, other organizations, or individuals. These funds include tax collections, child support recoveries, and correctional detainees' accounts.

#### Discretely Presented Component Units:

The combining component unit financial statements are presented in order to provide information on each of the major component units included in the component units' column of the government-wide statements. The component unit financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. The information is presented in order to be consistent with the government-wide statements, and is less detailed than the presentation in each component unit's separately issued financial statements. The component units, other than certain higher education foundations and similar organizations, follow all GASB pronouncements, and all FASB pronouncements issued on or before November 30, 1989, except those that conflict with a GASB pronouncement.

Certain higher education foundations and similar organizations report under FASB standards; including FASB Statement No. 117, *Financial Reporting for Not-for Profit Organizations*. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. The FASB reports were reclassified to GASB presentation in these financial statements.

### E. Assets, Liabilities, and Net Assets/Fund Balances

#### Cash and Cash Equivalents

Cash and cash equivalents include currency on hand and demand deposits with banks and other financial institutions. Cash and cash equivalents also include short-term, highly liquid investments with maturity dates within three months of the date acquired.

#### Investments

Investments are defined as those financial instruments with terms in excess of three months from the date of purchase and certain other securities held for the production of revenue. Investments are presented at fair value. The State Depository Board may permit any department, board, bureau or other agency to invest funds collected directly by such organization in short term time deposit agreements, provided that the interest income of those funds is remitted to the Director of the Office of Treasury and Fiscal Services as revenues of the State of Georgia. As a matter of general practice, however, demand funds of any department, board,

# State of Georgia

## Notes to the Financial Statements For the Fiscal Year Ended June 30, 2007

### Note 1. Summary of Significant Accounting Policies (continued)

bureau or other agency in excess of current operating expenses are required to be deposited with the Director of the Office of Treasury and Fiscal Services for the purpose of pooled investment (OCGA 50-17-63). Such cash is managed in a pooled investment fund to maximize interest earnings. The pooled investment funds "Georgia Fund 1" and "Georgia Extended Asset Pool" are also available on a voluntary basis to organizations outside of the State reporting entity.

The Georgia Fund 1 or Primary Liquidity Portfolio's primary objectives are safety of capital, investment income, liquidity and diversification while maintaining principal. Net asset value is calculated weekly to ensure stability. The pool distributes earnings (net of management fees) on a monthly basis and values participants' shares sold and redeemed at the pool's share price, \$1.00 per share. Investments are directed toward short-term instruments. At June 30, 2007, the weighted average maturity of the Fund was 15 days.

The Georgia Extended Asset Pool is part of the Extended Term Portfolio. The pool's primary objective is the prudent management of public funds on behalf of the State of Georgia and local governments seeking income higher than money market rates. Net Asset Value (NAV) is calculated daily to determine current share price. NAV is calculated by taking the closing fair value of securities owned plus other assets and subtracting liabilities. The remainder is then divided by the total number of shares outstanding to compute NAV per share (current share price). The pool distributes earnings (net of management fees) on a monthly basis and determines participants' shares sold and redeemed based on the current share price, which at June 30, 2007, was \$1.99 per share. Investments consist generally of securities issued or guaranteed as to principal and interest by the U. S. Government or any of its agencies or instrumentalities, bankers' acceptances and repurchase agreements. The average investment duration at June 30, 2007, was 0.91 years.

Units of the University System of Georgia and their affiliated organizations may participate in the Regents Investment Pool. The fair value of the investments is determined daily. The pool does not issue shares. Each participant is allocated a pro rata share of each investment at fair value along with a pro rata share of the interest it earns.

The Regents Investment Pool maintains an assortment of funds which invest in diverse holdings with varying investment objectives.

The State's Unemployment Compensation Fund monies are required by the Social Security Act to be invested in the U. S. Department of Treasury, Bureau of Public Debt Unemployment Trust Fund (BPDUTF), which is not registered with the SEC. The fair value of the position in the BPDUTF is the same as the value of the BPDUTF shares.

The Commissioner of the Department of Agriculture is directed by statute to require dealers in certain agricultural products and livestock to make and deliver to the Department a surety or cash bond to secure the faithful accounting for and payment to producers of the proceeds of agricultural products or livestock handled or sold by the dealer. Cash bonds are required to designate the Department as trustee of the funds and may take the form of certificates of deposit, letters of credit, money orders or cashiers' checks. At June 30, 2007, the Department held surety bonds in the amount of \$36.998 million, and cash bonds in the amount of \$14.591 million. These bonds are not recorded on the Balance Sheet.

Securities are held pursuant to statutes that require licensed insurance companies to deposit securities with the Department of Insurance prior to issuance of a certificate of authority to transact insurance by the Commissioner of Insurance. These securities remain in the name of the licensed insurance company as long as the company has a pending claim in the State of Georgia or until a proper order of a court of competent jurisdiction has been issued to the receiver, conservator, rehabilitator, or liquidator of the insurer or to any other properly designated official or officials who succeed to the management and control of the insurer's assets. The purchase and redemption of such securities are allowed as long as the required levels of deposits are maintained. At June 30, 2007, securities valued at \$228.779 million were held by the Department of Insurance. These securities are not recorded on the Balance Sheet.

Statutes require that surety bonds be provided for State public works contracts. The Department of Transportation holds surety bonds in the amount of \$8.498 billion for construction performance to ensure proper completion and complete performance of construction contracts, and \$9.348 billion for construction payment to ensure that payments are made by the general contractor to all subcontractors. These bonds are not recorded on the Balance Sheet.

# State of Georgia

## Notes to the Financial Statements For the Fiscal Year Ended June 30, 2007

### Note 1. Summary of Significant Accounting Policies (continued)

For any organization that elects to assume the liability for unemployment compensation payments in lieu of making contributions to the Unemployment Compensation Fund, the Commissioner of the Department of Labor is authorized by statute to require such organization to execute and file with the Commissioner a cash deposit or surety bond. Cash deposits are held on behalf of such organizations in the Department's name, and are reported as agency funds. At June 30, 2007, the Department held surety bonds in the amount of \$66.479 million. These bonds are not recorded on the Statement of Net Assets.

#### Receivables

Receivables in the State's governmental funds pertain primarily to Federal revenues and revenues applicable to charges for services. Receivables in all other funds have arisen in the ordinary course of business. Receivables are recorded when either the asset or revenue recognition criteria (See Note 1-D) have been met. Estimates of allowances for uncollectible receivables have not been made for the majority of receivables included within the financial statements. Receivables from the Federal government are reasonably assured; accordingly, no allowance for uncollectible accounts has been established.

#### Inventories

Inventories of supplies and materials are determined by physical count and/or perpetual inventory records and are valued at cost, weighted average cost, moving average cost, or lower of weighted average cost or market, using the first-in/first-out (FIFO) method, depending on the individual organization's preference. The costs of governmental fund inventories are recorded as expenditures when consumed rather than when purchased for larger agencies and agencies with material inventories. Other agencies may use either the purchase or consumption method.

Under the purchase method, a portion of the fund balance is reserved for inventories to indicate that it is not available for appropriation. Organizations using the consumption method normally reserve a portion of fund balance equal to the average monthly inventories on hand for the fiscal year.

#### Prepaid Items

Prepaid items include payments made to vendors and local government organizations for services that will benefit periods beyond June 30, 2007. Also, the employer's portion of health insurance benefits applicable to coverage effective after June 30, 2007, is recorded as a prepaid item.

#### Restricted Assets

Certain cash, investments, and other assets are classified as restricted assets on the Balance Sheet and/or Statement of Net Assets because their use is limited by applicable bond covenants, escrow arrangements or other regulations.

#### Capital Assets

Capital assets of governmental funds are recorded as expenditures at the time of purchase and capitalized in the governmental activities column of the government-wide Statement of Net Assets. Capital assets of the State's proprietary funds and component units are capitalized in the fund in which they are utilized. Capital assets are stated at historical cost or, in some instances, estimated historical cost. Donated capital assets are stated at fair market value at the time of donation. All land and non-depreciable land improvements are capitalized regardless of cost. Buildings and Improvements Other Than Buildings are capitalized when the cost or value exceeds \$100 thousand. Machinery and Equipment is capitalized when costs or value exceeds \$5 thousand. The State's bridges and roadways included in the state highway system are capitalized regardless of cost. All other infrastructure assets are capitalized when project costs exceed \$1 million. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives is not capitalized. The State holds certain assets such as works of art, historical documents, and artifacts that have not been capitalized or depreciated because the collections are protected and preserved for exhibition, education, or research and are considered to have inexhaustible useful lives.

Major outlays for construction of bridges and roadways in the state highway system are capitalized as projects are constructed. All other major construction projects are capitalized when projects are completed. Interest incurred during construction is not capitalized in governmental funds. Interest incurred during the construction of proprietary fund assets is included in the capitalized value of the asset.

All depreciable capital assets are depreciated on the straight-line basis over the following useful lives:

|                                     |              |
|-------------------------------------|--------------|
| Infrastructure                      | 10-100 years |
| Buildings and Building Improvements | 5-60 years   |
| Improvements Other Than Buildings   | 15-50 years  |
| Machinery and Equipment             | 3-20 years   |
| Software                            | 3-10 years   |
| Library Collections                 | 10 years     |
| Works of Art and Collections        | 5-40 years   |



# State of Georgia

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## Notes to the Financial Statements For the Fiscal Year Ended June 30, 2007

### Note 1. Summary of Significant Accounting Policies (continued)

#### Compensated Absences

Employees earn annual leave ranging from ten to fourteen hours each month depending upon the employee's length of continuous State service with a maximum accumulation of forty-five days. Employees are paid for unused accumulated annual leave upon retirement or termination of employment. Funds are provided in the appropriation of funds each fiscal year to cover the cost of annual leave of terminated employees. The State's obligation for accumulated unpaid annual leave is reported as a liability in the government-wide and proprietary fund financial statements.

Employees earn ten hours of sick leave each month with a maximum accumulation of ninety days. Sick leave does not vest with the employee. Unused accumulated sick leave is forfeited upon retirement or termination of employment. However, certain employees who retire with one hundred and twenty days or more of forfeited annual and sick leave are entitled to additional service credit in the Employees' Retirement System of Georgia. No liability is recorded for nonvesting accumulating rights to receive sick pay benefits.

#### Unearned Revenue

In the government-wide statements, proprietary fund statements, and fiduciary fund statements, unearned revenue is recorded when cash or other assets are received prior to being earned. In the governmental fund statements, all deferred revenue reported represents revenue that is unearned, rather than unavailable.

#### Long-Term Obligations

Long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities column or business-type activities column on the government-wide statement of net assets and on the proprietary fund statement of net assets in the fund financial statements. Bond discounts, premiums and issuance costs are deferred and amortized over the life of the bonds using a method that approximates the effective interest method or the straight-line method. Bonds payable are reported net of the unamortized bond premium or discount and, when applicable, the deferred amount on refunding. Bond issuance costs are reported as deferred charges (assets) and amortized over the term of the related debt.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources.

Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

#### Net Assets

Net assets are reported as invested in capital assets, net of related debt, restricted or unrestricted. "Invested in capital assets, net of related debt" consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt that are attributed to the acquisition, construction, or improvement of those assets.

Restricted net assets result when constraints placed on net asset use are either externally imposed by creditors, grantors, contributors, and the like, or imposed by law through constitutional provisions or enabling legislation. The governmental activities column on the government-wide statement of net assets reports \$2.398 billion of restricted net assets, of which \$2.362 billion is restricted by enabling legislation.

Unrestricted net assets consist of net assets that do not meet the definition of the two preceding categories. Unrestricted net assets often are designated, indicating they are not available for general operations. Such designations have internally imposed constraints on resources, but can be removed or modified.

#### Fund Balances

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally segregated by outside parties for use for a specific purpose. Designations of fund balance represent tentative plans for future use of financial resources. Unreserved, undesignated fund balance is the amount of fund balance remaining from operations of the current and prior years, net of amounts established as reserved and designated.

### F. Revenues

Federal grants include nonmonetary transactions for food and vaccine commodities. Commodities revenue and expenditures are recorded at their federally reported value. Commodity inventories of \$6.363 million are reported on the Balance Sheet – Governmental Funds. For the fiscal year ended June 30, 2007, revenues of \$40.503 million and expenditures of \$37.349 million relating to commodities are reported in the General Fund.

# State of Georgia

## Notes to the Financial Statements For the Fiscal Year Ended June 30, 2007

### Note 1. Summary of Significant Accounting Policies (continued)

#### G. Interfund Activity and Balances

Equally offsetting asset and liability accounts (due from/to other funds) are used to account for amounts owed to a particular fund by another fund for short-term obligations on goods sold or services rendered.

Noncurrent portions of long-term interfund loans receivable are reported as advances and are offset equally by a fund balance reserve account that indicates that they do not constitute expendable available financial resources and therefore are not available for appropriation.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements with the exception of activities between governmental activities and business-type activities. In the fund financial statements, transfers represent flows of assets without equivalent flows of assets in return or a requirement for repayment. In addition, transfers are recorded when a fund receiving revenue provides it to the fund which expends the resources. Transfers and balances between funds are made to accomplish various provisions of law.

Interfund payables and receivables have been eliminated from the statement of net assets except for amounts due between governmental and business-type activities. These amounts are reported as internal balances on the statement of net assets.

#### H. Fiscal Reporting Periods

The fiscal year end for the primary government and component units is June 30, except for the Stone Mountain Memorial Association (component unit), which has a fiscal year end of December 31.

### Note 2: Budgetary Control and Legal Compliance

#### Budgetary Process

Article III of the State Constitution provides, "The General Assembly shall not appropriate [State] funds for any given fiscal year which, in aggregate, exceed a sum equal to the amount of unappropriated surplus expected to have accrued

in the state treasury at the beginning of the fiscal year together with an amount not greater than the total treasury receipts from existing revenue sources anticipated to be collected in the fiscal year, less refunds, as estimated in the budget report and amendments thereto." Compliance with this requirement is demonstrated in the Governor's budget report and the Appropriation Acts for each fiscal year. Expenditures of State funds may not exceed the amount appropriated as provided by the Constitution. Total State funds expenditures did not exceed appropriated amounts.

To the extent that federal funds received by the State are changed by federal authority or exceed the amounts appropriated by the original or supplementary appropriations acts, such excess, changed or unanticipated funds are "continually appropriated;" that is, they are amended in to departmental budgets when such events are known. Similarly, revenues generated by departments that may be retained for departmental operations ("other funds") are amended in as such funds are collected or anticipated.

The annual budget of the State of Georgia is prepared on the modified accrual basis utilizing encumbrance accounting with the following exceptions: federal and certain other revenues are accrued based on the unexecuted portion of long-term contracts; and intrafund transactions are disclosed as revenues and expenditures. Under encumbrance accounting, encumbrances are used to indicate the intent to purchase goods or services. Liabilities and expenditures are recorded upon issuance of completed purchase orders. Goods or services need not have been received for liabilities and expenditures to be recorded.

The budget represents departmental appropriations recommended by the Governor and adopted by the General Assembly prior to the beginning of the fiscal year. Annual appropriated budgets are adopted at the departmental (budget unit) level by program and funding source. All unencumbered annual appropriations lapse at fiscal year end unless otherwise specified by constitutional or statutory provisions. Supplementary and amended appropriations may be enacted during the next legislative session by the same process used for original appropriations.

#### Budgetary Compliance Exceptions

At the departmental summary level, with one exception, expenditures did not exceed appropriations of State funds. Also, budget units were unable to consistently demonstrate budgetary compliance at the "funding source within program" level as prescribed by the 2007 Appropriations Act, although some improvement from the previous fiscal year was noted.

# State of Georgia

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## Notes to the Financial Statements For the Fiscal Year Ended June 30, 2007

### Note 3. Accounting Changes

#### Financial Reporting Entity

In fiscal year 2007, several changes were made in the presentation of organizations within the financial reporting framework. A portion of the operations of the Department of Administrative Services (fleet services) previously reported as general fund activities was determined to be more appropriately reported within the internal service fund. The beginning fund balance of the general fund has been decreased by \$1.130 million, and the beginning net assets of the internal service funds have been increased by the same amount. This change had no impact on beginning net assets of governmental activities.

The Georgia Technology Authority, previously reported as a nonmajor enterprise fund, is now reported as an internal service fund. The primary government has, over a period of time, become the predominant participant in the services provided by the Authority. As a result of this realignment, beginning net assets of the internal service funds have been increased by \$124.234 million, with a corresponding decrease to the beginning net assets of the nonmajor enterprise funds.

The State Road and Tollway Authority, a component unit which was previously discretely presented, is now blended. The Authority serves as a financing vehicle for transportation projects through the issuance of bonds. These bonds are repaid from motor fuel and federal reimbursements collected by the Department of Transportation. As a result of this reporting change, the beginning fund balance of the nonmajor governmental (special revenue) funds has been increased by \$108.477 million, the beginning net assets of the nonmajor enterprise fund has been increased by \$20.841 million, and the beginning net assets of the component units has been increased by \$485.506 million.

Operations and balances relating to the Georgia Medical Center Authority, a component unit not previously included in the financial reporting entity, were reported beginning in fiscal year 2007. The addition of this organization resulted in an increase in the beginning net assets of component units of \$294 thousand.

The tables on page 57 summarize the changes in fund equities as previously reported for the funds, activities, and component units at June 30, 2006, including adjustments and correction of prior year errors as indicated.

#### Recently Issued Pronouncements

GASB Statement 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* (OPEB), was implemented for fiscal year 2007. The State's OPEB plans for health care (Georgia Retiree Health Benefit Fund) and life insurance (State Employees' Assurance Department – OPEB) are reported in the fiduciary funds. Related disclosures are presented in Note 18, and as required supplementary information.

GASB Statement 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, establishes uniform reporting standards for employers participating in OPEB plans. The requirements of this statement are effective for the State's fiscal year 2008 financial statements.

# State of Georgia

## Notes to the Financial Statements For the Fiscal Year Ended June 30, 2007

### Note 3. Accounting Changes (continued)

|   | June 30, 2006<br>As Previously<br>Reported | Adjustments         | June 30, 2006<br>(Restated) |
|---|--|---------------------|-----------------------------|
| <b>Governmental Funds and Activities</b>  |  |                     |                             |
| Major Funds:  |  |                     |                             |
| General Fund (Adjustment to Repayment of Advances)  | \$ 4,266,823                               | \$ (9,228)          | \$ 4,256,465                |
| Reclassification of Fleet Services Activity to Internal Service Fund                                  |  | (1,130)             |                             |
| Georgia State Financing and Investment Commission   | 1,199,413                                  | —                   | 1,199,413                   |
| Nonmajor Funds:   |  |                     |                             |
| Special Revenue Funds (Reclassification of Component Unit as Blended)                                 | 1,219                                      | 108,477             | 109,696                     |
| Debt Service Fund   | 0  | —                   | 0                           |
| Capital Projects Funds  | 9,266                                      | —                   | 9,266                       |
| Permanent Fund  | 14   | —                   | 14                          |
| Total Governmental Funds  | \$ 5,476,735                               | \$ 98,119           | \$ 5,574,854                |
| Capital Assets, net of depreciation (Reclassification of Component Unit as Blended)                   | 15,819,880                                 | 10,428              | 15,830,308                  |
| Other Noncurrent Assets   | 8,790                                      | —                   | 8,790                       |
| Long-Term Liabilities (Reclassification of Component Unit as Blended/Correction of Prior Year Errors) | (7,298,271)                                | (624,988)           | (7,923,259)                 |
| Inclusion of Internal Service Funds in Governmental Activities  | 426,382                                    | 125,364             | 551,746                     |
| <b>Total Governmental Funds and Activities</b>  | <b>\$ 14,433,516</b>                       | <b>\$ (391,077)</b> | <b>\$ 14,042,439</b>        |
| <b>Proprietary Funds and Business-Type Activities</b>   |  |                     |                             |
| Major Funds:  |  |                     |                             |
| Higher Education Fund (Correction of Prior Year Errors)   | \$ 4,960,851                               | \$ 5,434            | \$ 4,966,285                |
| State Employees' Health Benefit Plan  | 79,780                                     | —                   | 79,780                      |
| Unemployment Compensation Fund  | 1,426,222                                  | —                   | 1,426,222                   |
| Nonmajor Funds:   |  |                     |                             |
| Enterprise Fund   | 124,234                                    |                     | 20,841                      |
| Reclassification of Nonmajor Enterprise Fund to Internal Service Fund                                 |  | (124,234)           |                             |
| Reclassification of Component Unit as Blended (Nonmajor Enterprise Fund)                              |  | 20,841              |                             |
| Internal Service Funds  | 364,397                                    |                     | 489,761                     |
| Reclassification of Nonmajor Enterprise Fund to Internal Service Fund                                 |  | 124,234             |                             |
| Reclassification of Fleet Services Activity to Internal Service Fund                                  |  | 1,130               |                             |
| Internal Service Funds Look-Back Adjustments  |  |                     |                             |
| Removal of Internal Service Funds Relating to Governmental Activities                                 | (426,381)                                  | (125,364)           | (551,745)                   |
| <b>Total Proprietary Funds and Business-Type Activities</b>   | <b>\$ 6,529,103</b>                        | <b>\$ (97,959)</b>  | <b>\$ 6,431,144</b>         |
| <b>Fiduciary Funds</b>  |  |                     |                             |
| Pension and Other Employee Benefit Trust Funds  | \$ 64,341,124                              | \$ —                | \$ 64,341,124               |
| Investment Trust Funds  | 4,436,426                                  | —                   | 4,436,426                   |
| Private Purpose Trust Funds   | 4,127                                      | —                   | 4,127                       |
| <b>Total Fiduciary Funds</b>  | <b>\$ 68,781,677</b>                       | <b>\$ 0</b>         | <b>\$ 68,781,677</b>        |
| <b>Discretely Presented Component Units</b>   |  |                     |                             |
| Addition to Reporting Entity (Georgia Medical Center Authority)                                       | \$ 4,632,026                               | \$ 294              | \$ 4,632,026                |
| Reclassification of Component Unit as Blended (State Road and Tollway Authority)                      |  | 485,506             | 485,506                     |
| Adjustment to Repayment of Advances   |  | 9,228               | 9,228                       |
| Correction of Prior Year Errors (Net)   |  | (8,835)             | (8,835)                     |
| <b>Total Discretely Presented Component Units</b>   | <b>\$ 4,632,026</b>                        | <b>\$ 486,193</b>   | <b>\$ 5,118,219</b>         |

# State of Georgia

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## Notes to the Financial Statements For the Fiscal Year Ended June 30, 2007

### Note 4. Deposits and Investments

#### A. Deposits

Deposits include bank accounts and short-term investments, especially certificates of deposit. Funds belonging to the State of Georgia cannot be placed in a depository paying interest longer than ten days without the depository providing a surety bond to the State. In lieu of a surety bond, the depository may pledge as collateral any one or more of the following securities as enumerated in OCGA 50-17-59:

- 1) Bonds, bills, notes, certificates of indebtedness, or other direct obligations of the United States or of the State of Georgia.
- 2) Bonds, bills, notes, certificates of indebtedness or other obligations of the counties or municipalities of the State of Georgia.
- 3) Bonds of any public authority created by the laws of the State of Georgia, providing that the statute that created the authority authorized the use of the bonds for this purpose.
- 4) Industrial revenue bonds and bonds of development authorities created by the laws of the State of Georgia.
- 5) Bonds, bills, certificates of indebtedness, notes or other obligations of a subsidiary corporation of the United States government, which are fully guaranteed by the United States government both as to principal and interest and debt obligations issued by the Federal Land Bank, the Federal Home Loan Bank, the Federal Intermediate Credit Bank, the Central Bank for Cooperatives, the Farm Credit Banks, the Federal Home Loan Mortgage Association and the Federal National Mortgage Association.

- 6) Guarantee or insurance of accounts provided by the Federal Deposit Insurance Corporation.

As authorized in OCGA 50-17-53, the State Depository Board has adopted policies that allow agencies of the State of Georgia the option of exempting demand deposits from the collateral requirements.

#### *Custodial Credit Risk – Deposits*

The custodial credit risk for deposits is the risk that, in the event of a bank failure, the State's deposits may not be recovered.

#### **Primary Government**

At year-end, the carrying amounts of the State's deposits were \$2.302 billion, and the bank balances were \$1.016 billion. Of these bank balances, \$74.795 million were insured, \$158.307 million were collateralized with securities held by the pledging financial institutions, \$271.442 million were collateralized with securities held by pledging institutions' trust departments or agents, but not in the State's name and \$511.017 million were uncollateralized.

#### **Component Units**

At year-end the carrying amounts of the component units' deposits were \$356.951 million and the bank balances were \$291.621 million. Of these bank balances, \$65.170 million were insured, \$89.695 million were collateralized with securities held by the pledging financial institutions, \$52.040 million were collateralized with securities held by pledging institutions' trust departments or agents, but not in the State's name and \$84.716 million were uncollateralized.

The carrying amounts of the deposits of certain higher education foundations which utilize FASB standards were \$218.060 million. These deposits are not included in the balances reflected above.

# State of Georgia

## Notes to the Financial Statements For the Fiscal Year Ended June 30, 2007

### Note 4. Deposits and Investments (continued)

#### B. Investments

##### Primary Government (Other than Pension Trust Funds)

The investment policy of the State of Georgia is to maximize the protection of State funds on deposit while accruing an advantageous yield on those funds in excess of those required for current operating expenses (Official Code of Georgia Annotated [OCGA] 50-17-51).

Authorized pool investments are limited to the following in accordance with State statutes:

- 1) Obligations of the State of Georgia or of other states;
- 2) Obligations issued by the United States government;
- 3) Obligations fully insured or guaranteed by the United States government or a United States government agency;
- 4) Obligations of any corporation of the United States government;
- 5) Prime banker's acceptances;
- 6) Repurchase Agreements;
- 7) Obligations of other political subdivisions of the State; and
- 8) Commercial paper issued by domestic corporations.

Authorized investments are subject to certain restrictions.

Pooled cash and cash equivalents and investments are grouped into portfolios for investment purposes according to the operating needs of the State of Georgia and other pool contributors.

##### Pension Trust Funds

In accordance with Official Code of Georgia Annotated Public Retirement System Investment Authority Law, Public Retirement Systems may invest in the following:

- 1) United States or Canadian corporations or their obligations with limits as to the corporations' size and credit rating.
- 2) Repurchase and reverse repurchase agreements for direct obligations of the United States government and for obligations unconditionally guaranteed by agencies.
- 3) FDIC insured cash assets or deposits.
- 4) Bonds, notes, warrants, loans or other debt issued or guaranteed by the United State government.

- 5) Taxable bonds, notes warrants or other securities issued and guaranteed by any state, the District of Columbia, Canada or any province in Canada.
- 6) Bonds, debentures or other securities issued or insured or guaranteed by an agency, authority, unit, or corporate body created by the government of the United States of America.
- 7) Investment grade collateralized mortgage obligations.
- 8) Obligations issued, assumed or guaranteed by the International Bank for Reconstruction and Development or the International Financial Corporation.
- 9) Bonds, debentures, notes and other evidence of indebtedness issued, assumed, or guaranteed by any solvent institution existing under the laws of the United States of America or of Canada, or any state or province thereof, which are not in default and are secured to a certain level.
- 10) Secured and unsecured obligations issued by any solvent institution existing under the laws of the United States of America or of Canada, or any state or province thereof, bearing interest at a fixed rate, with mandatory principal and interest due at a specified time with additional limits.
- 11) Equipment trust obligations or interests in transportation equipment, wholly or in part within the United States of America, and the right to receive determinated portions or related income.
- 12) Loans that are secured by pledge or securities eligible for investment.
- 13) Purchase money mortgages or like securities received upon the sale or exchange of real property acquired.
- 14) Secured mortgages or mortgage participation, pass-through, conventional pass-through, trust certificate, or other similar securities with restrictions.
- 15) Land and buildings on such land used or acquired for use as a fund's office for the convenient transaction of its own business with restrictions.
- 16) Real property and equipment acquired under various circumstances.

In addition, large retirement systems have restrictions as to the concentration of investments in corporations and equities and additional stipulations exist related to decreases in a fund's asset value.

##### Component Units

Component units follow applicable investing criteria described above for the primary government.

# State of Georgia

## Notes to the Financial Statements For the Fiscal Year Ended June 30, 2007

### Note 4. Deposits and Investments (continued)

Certain higher education foundations utilize FASB standards; therefore, only the June 30, 2007, balances are available as follows (in thousands):

|                                      | Fair<br>Value |
|--------------------------------------|---------------|
| Alternative Strategies               | \$ 27,515     |
| Cash Held by Investment Organization | 64,182        |
| Certificates of Deposit              | 350           |
| Corporate Bonds                      | 41,479        |
| Diversifying Strategies              | 492,308       |
| Equity Securities                    | 701,523       |
| Government and Agency Securities     | 31,263        |
| Investment Pools                     | 555,331       |
| Joint Ventures/Partnerships          | 585           |
| Money Market Accounts                | 611           |
| Mortgage-backed Securities           | 4,766         |
| Mutual Funds                         | 232,404       |
| Real Estate                          | 62,671        |
| Split-interest Investments           | 17,150        |
| Venture Capital                      | 260,896       |
| Total Investments                    | \$ 2,493,034  |

The component unit disclosures below do not include these balances.

#### Interest Rate Risk

Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment.

#### Primary Government (Other than Pension Trust Funds)

The State manages interest rate risk by attempting to match investments with expected cash requirements. Certificates of deposit may not have a term exceeding five years. The Director of OTFS may establish duration or maturity limitations for other investments. The following table provides information about the State's exposure to interest rate risk (in thousands).

|  | Total<br>Fair Value | Maturity Period       |               |              |              |                       |
|--|---------------------|-----------------------|---------------|--------------|--------------|-----------------------|
|  |                     | Less than<br>3 Months | 4 - 12 Months | 1 - 5 Years  | 6 - 10 Years | More than<br>10 Years |
| Asset-backed Securities  | \$ 52,878           | \$ —                  | \$ —          | \$ 43,320    | \$ 8,769     | \$ 789                |
| Corporate Debt   |                     |                       |               |              |              |                       |
| Domestic   | 88,361              | 1,299                 | 2,267         | 79,612       | 1,052        | 4,131                 |
| International Government<br>Obligations                                  | 7,000               | —                     | 2,000         | 5,000        | —            | —                     |
| Mortgage-backed Securities   |                     |                       |               |              |              |                       |
| Commercial   | 50,432              | —                     | —             | 1,716        | 1,414        | 47,302                |
| Municipal Bonds  | 1,065               | —                     | 5             | 163          | 438          | 459                   |
| Mutual Funds - Debt  | 36,995              | —                     | 7             | 34,163       | 2,825        | —                     |
| Repurchase Agreements  | 9,014,269           | 9,014,269             | —             | —            | —            | —                     |
| U. S. Agency Obligations   | 3,278,715           | 1,352,645             | 442,331       | 1,380,421    | 38,739       | 64,579                |
| U. S. Treasury Obligations   | 1,411,315           | 20,233                | 384,691       | 983,926      | 22,209       | 256                   |
| Total Debt Securities  | \$ 13,941,030       | \$ 10,388,446         | \$ 831,301    | \$ 2,528,321 | \$ 75,446    | \$ 117,516            |
| Equity Securities - Domestic   | 133,520             |                       |               |              |              |                       |
| Funds on Deposit with U. S.<br>Treasury for Unemployment<br>Compensation | 1,398,648           |                       |               |              |              |                       |
| Mutual Funds - Equity  | 84,147              |                       |               |              |              |                       |
| Real Estate  | 242                 |                       |               |              |              |                       |
| Real Estate Investment Fund  | 6,953               |                       |               |              |              |                       |
| Total Investments  | \$ 15,564,540       |                       |               |              |              |                       |

# State of Georgia

## Notes to the Financial Statements For the Fiscal Year Ended June 30, 2007

### Note 4. Deposits and Investments (continued)

#### Pension Trust Funds Administered by Other than the Employees' and Teachers' Retirement Systems

The Public Retirement System Investment Authority Law does not address specific policies for managing interest rate risk.

The following table provides information about interest rate risks associated with these pension trust funds' investments (in thousands).

|                              | Total<br>Fair Value | Maturity Period       |               |             |              |                       |
|------------------------------|---------------------|-----------------------|---------------|-------------|--------------|-----------------------|
|                              |                     | Less than<br>3 Months | 4 - 12 Months | 1 - 5 Years | 6 - 10 Years | More than<br>10 Years |
| Asset-backed Securities      |                     |                       |               |             |              |                       |
| Domestic                     | \$ 13,080           | \$ —                  | \$ —          | \$ 8,831    | \$ 2,254     | \$ 1,995              |
| International                | 174                 | —                     | —             | —           | —            | 174                   |
| Corporate Debt               |                     |                       |               |             |              |                       |
| Domestic                     | 123,022             | —                     | 2,851         | 28,605      | 26,800       | 64,766                |
| International                | 8,310               | —                     | 1,525         | 347         | 2,009        | 4,429                 |
| Mortgage-backed Securities   |                     |                       |               |             |              |                       |
| Commercial                   | 61,023              | —                     | —             | 759         | 2,136        | 58,128                |
| Municipal Bonds              | 1,667               | 400                   | —             | —           | 790          | 477                   |
| Mutual Funds - Debt          | 170                 | —                     | —             | —           | —            | 170                   |
| U. S. Agency Obligations     | 151,443             | 299                   | 37,668        | 15,074      | 15,944       | 82,458                |
| U. S. Treasury Obligations   | 50,668              | 200                   | 9,806         | 25,481      | 9,684        | 5,497                 |
| Total Debt Securities        | \$ 409,557          | \$ 899                | \$ 51,850     | \$ 79,097   | \$ 59,617    | \$ 218,094            |
| Equity Securities            |                     |                       |               |             |              |                       |
| Domestic                     | 548,310             |                       |               |             |              |                       |
| International                | 22,653              |                       |               |             |              |                       |
| Mutual Funds - Equity        | 380,096             |                       |               |             |              |                       |
| Real Estate Investment Trust | 1,465               |                       |               |             |              |                       |
| Venture Capital              | 74                  |                       |               |             |              |                       |
| Total Investments            | \$ 1,362,155        |                       |               |             |              |                       |

#### Pension Trust Funds Administered by the Employees' and Teachers' Retirement Systems

The Boards of the Employees' and Teachers' Retirement systems have elected to manage interest rate risk of these pension trust funds using the effective duration method. This method is widely used in the management of fixed income portfolios and quantifies to a much greater degree the sensitivity to interest rate changes when analyzing a bond portfolio with call options, prepayment provisions, and any other cash flows. Effective duration makes assumptions regarding the most likely timing and amounts of variable cash flows and is best utilized to gauge the effect of a change in interest rates on the fair value of a portfolio. It is believed that the reporting of effective duration found in the table below quantifies to the fullest extent possible the interest rate risk of the funds' fixed income assets (in thousands).

|                            | Total<br>Fair Value | Effective<br>Duration<br>(Years) |
|----------------------------|---------------------|----------------------------------|
| Corporate and Other Bonds  | \$ 2,457,241        | 6.2                              |
| Repurchase Agreements      | 3,325,869           | 0.0                              |
| U. S. Agency Obligations   | 6,981,646           | 4.2                              |
| U. S. Treasury Obligations | 13,050,600          | 6.3                              |
| Total Debt Securities      | \$ 25,815,356       |                                  |
| Common Stock               | 43,235,029          |                                  |
| Mutual Funds - Equity      | 953,540             |                                  |
| Total Investments          | \$ 70,003,925       |                                  |



# State of Georgia

## Notes to the Financial Statements For the Fiscal Year Ended June 30, 2007

### Note 4. Deposits and Investments (continued)

#### Component Units

The component units follow the applicable investing criteria described above for the primary government.

The component units' exposure to interest rate risk is presented below (in thousands):

|                            | Total<br>Fair Value | Maturity Period       |               |             |              |                       |
|----------------------------|---------------------|-----------------------|---------------|-------------|--------------|-----------------------|
|                            |                     | Less than<br>3 Months | 4 - 12 Months | 1 - 5 Years | 6 - 10 Years | More than<br>10 Years |
| Asset-backed Securities    | \$ 14,877           | \$ —                  | \$ —          | \$ 4,415    | \$ —         | \$ 10,462             |
| Certificates of Deposit    | 1,180               | —                     | 1,180         | —           | —            | —                     |
| Commercial Paper           | 41,750              | 41,750                | —             | —           | —            | —                     |
| Corporate Debt             |                     |                       |               |             |              |                       |
| Domestic                   | 53,355              | 734                   | 19,039        | 31,057      | 2,389        | 136                   |
| International              | 5,719               | —                     | 721           | 2,366       | 1,157        | 1,475                 |
| International Government   |                     |                       |               |             |              |                       |
| Obligations                | 1,496               | —                     | —             | 1,151       | 345          | —                     |
| Investment Agreements      | 75,589              | —                     | —             | 26,995      | —            | 48,594                |
| Money Market Mutual Funds  | 252                 | —                     | 252           | —           | —            | —                     |
| Mortgage-backed Securities |                     |                       |               |             |              |                       |
| Commercial                 | 54,381              | —                     | —             | 7,755       | 3,215        | 43,411                |
| Municipal Bonds            | 517                 | —                     | —             | 136         | 381          | —                     |
| U. S. Agency Obligations   | 144,410             | 27,429                | 15,513        | 78,774      | 8,698        | 13,996                |
| U. S. Treasury Obligations | 274,597             | 15,492                | 35,838        | 136,081     | 53,699       | 33,487                |
| Total Debt Securities      | \$ 668,123          | \$ 85,405             | \$ 72,543     | \$ 288,730  | \$ 69,884    | \$ 151,561            |
| Equity Securities          |                     |                       |               |             |              |                       |
| Domestic                   | 35,963              |                       |               |             |              |                       |
| International              | 2,344               |                       |               |             |              |                       |
| Joint Venture              | 968                 |                       |               |             |              |                       |
| Managed Futures and        |                     |                       |               |             |              |                       |
| Hedge Funds                | 1,970               |                       |               |             |              |                       |
| Mutual Funds - Equity      | 5,547               |                       |               |             |              |                       |
| Total Investments          | \$ 714,915          |                       |               |             |              |                       |

#### Credit Quality Risk

Credit quality risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

#### Primary Government (Other than Pension Trust Funds)

The State's investment policies include the following investing restrictions to manage credit quality risk:

- 1) Repurchase agreements and reverse repurchase agreements may be transacted only with authorized dealers and banks of a certain size with other restrictions requiring approval of the Director of OTFS.
- 2) Commercial paper issued by domestic corporations carrying ratings no lower than P-1 by Moody's

Investors Service and A-1 by Standard & Poor's Corporation.

- 3) Prime bankers acceptances must carry the highest rating assigned to such investments by a nationally recognized rating agency.
- 4) Obligations issued by this State or its agencies or other political subdivisions of this State, if meeting statutory requirements, may be approved for investment by the Director of OTFS.
- 5) Obligations of domestic corporations must be rated investment grade or higher by a nationally recognized rating agency.

# State of Georgia

## Notes to the Financial Statements For the Fiscal Year Ended June 30, 2007

### Note 4. Deposits and Investments (continued)

- 6) Direct obligations of the government of any foreign country and obligations issued, assumed or guaranteed by the International Bank for Reconstruction and Development or the International Financial Corporation must be rated A or higher by a nationally recognized rating agency.

- 7) Such other limitations as determined by the Director of

OTFS necessary for the preservation of principal, liquidity, or marketability of any of the State's portfolios.

The exposure of the primary government's debt securities to credit quality risk is indicated below (in thousands):

|  | Total<br>Fair Value  | AAA                  | AA               | A                | BAA           | Not<br>Rated      |
|--|----------------------|----------------------|------------------|------------------|---------------|-------------------|
| Asset-backed Securities                  | \$ 52,878            | \$ 52,878            | \$ —             | \$ —             | \$ —          | \$ —              |
| Corporate Debt                           |                      |                      |                  |                  |               |                   |
| Domestic                                 | 88,361               | 4,650                | 16,991           | 63,482           | 330           | 2,908             |
| International Government<br>Obligations  | 7,000                | —                    | —                | 7,000            | —             | —                 |
| Mortgage-backed Securities               |                      |                      |                  |                  |               |                   |
| Commercial                               | 50,432               | 50,432               | —                | —                | —             | —                 |
| Municipal Bonds                          | 1,065                | 1,065                | —                | —                | —             | —                 |
| Mutual Funds - Debt                      | 36,995               | 494                  | 494              | —                | —             | 36,007            |
| Repurchase Agreements                    | 8,923,394            | 8,900,000            | —                | —                | —             | 23,394            |
| U. S. Agency Obligations                 | 3,269,355            | 3,163,163            | —                | —                | —             | 106,192           |
| <b>Total Credit Risk<br/>Investments</b> | <b>\$ 12,429,480</b> | <b>\$ 12,172,682</b> | <b>\$ 17,485</b> | <b>\$ 70,482</b> | <b>\$ 330</b> | <b>\$ 168,501</b> |

### Pension Trust Funds

The credit quality risk of pension trust funds is managed by restricting investments to those authorized by the Public Retirement System Investment Authority Law described

above and in Note 1. The Boards of individual funds may elect to implement more restrictive policies. The pension trust funds' debt securities exposure to credit quality risk is indicated below (in thousands):

|  | Total<br>Fair Value  | AAA                 | AA                | A                   | BAA             | BBB              | BB              | Not<br>Rated     |
|--|----------------------|---------------------|-------------------|---------------------|-----------------|------------------|-----------------|------------------|
| Asset-backed Securities                  |                      |                     |                   |                     |                 |                  |                 |                  |
| Domestic                                 | \$ 13,080            | \$ 11,207           | \$ 188            | \$ 107              | \$ —            | \$ 866           | \$ —            | \$ 712           |
| International                            | 174                  | —                   | —                 | 174                 | —               | —                | —               | —                |
| Corporate Debt                           |                      |                     |                   |                     |                 |                  |                 |                  |
| Domestic                                 | 2,580,263            | 1,964,380           | 510,829           | 41,776              | 6,154           | 47,612           | 1,479           | 8,033            |
| International                            | 8,310                | —                   | 258               | 4,734               | 174             | 2,561            | 304             | 279              |
| Mortgage-backed<br>Securities            |                      |                     |                   |                     |                 |                  |                 |                  |
| Commercial                               | 61,023               | 31,445              | 1,229             | 3,891               | 2,141           | 18,851           | —               | 3,466            |
| Municipal Bonds                          | 1,667                | 1,190               | —                 | —                   | 161             | 316              | —               | —                |
| Mutual Funds - Debt                      | 170                  | —                   | 170               | —                   | —               | —                | —               | —                |
| Repurchase<br>Agreements                 | 3,325,869            | —                   | —                 | 3,325,869           | —               | —                | —               | —                |
| U. S. Agency<br>Obligations              | 7,123,902            | 7,089,215           | —                 | —                   | —               | —                | —               | 34,687           |
| <b>Total Credit Risk<br/>Investments</b> | <b>\$ 13,114,458</b> | <b>\$ 9,097,437</b> | <b>\$ 512,674</b> | <b>\$ 3,376,551</b> | <b>\$ 8,630</b> | <b>\$ 70,206</b> | <b>\$ 1,783</b> | <b>\$ 47,177</b> |

# State of Georgia

## Notes to the Financial Statements For the Fiscal Year Ended June 30, 2007

### Note 4. Deposits and Investments (continued)

#### Component Units

The component units follow the applicable investing criteria described above for the primary government. The exposure

of the component units' debt securities to credit quality risk is indicated below (in thousands):

|   | Total<br>Fair Value | AAA        | AA        | A         | BBB       | BB       | B     | Not<br>Rated |
|---|---------------------|------------|-----------|-----------|-----------|----------|-------|--------------|
| Asset-backed Securities                 | \$ 14,877           | \$ 14,877  | \$ —      | \$ —      | \$ —      | \$ —     | \$ —  | \$ —         |
| Certificates of Deposit                 | 1,180               | —          | —         | 1,180     | —         | —        | —     | —            |
| Commercial Paper                        | 41,750              | —          | —         | —         | —         | —        | —     | 41,750       |
| Corporate Debt                          |                     |            |           |           |           |          |       |              |
| Domestic                                | 53,355              | 3,743      | 13,242    | 20,306    | 14,101    | 1,392    | 74    | 497          |
| International                           | 5,719               | 2,044      | 2,694     | 365       | 616       | —        | —     | —            |
| International Government<br>Obligations | 1,496               | 1,496      | —         | —         | —         | —        | —     | —            |
| Investment Agreements                   | 75,589              | 10,809     | 57,093    | 7,687     | —         | —        | —     | —            |
| Money Market Mutual Funds               | 252                 | —          | —         | —         | —         | —        | —     | 252          |
| Mortgage-backed Securities              |                     |            |           |           |           |          |       |              |
| Commercial                              | 54,381              | 53,935     | 99        | —         | —         | —        | —     | 347          |
| Municipal Bonds                         | 517                 | 517        | —         | —         | —         | —        | —     | —            |
| U. S. Agency Obligations                | 142,191             | 133,159    | 831       | —         | —         | —        | —     | 8,201        |
| Total Credit Risk<br>Investments        | \$ 391,307          | \$ 220,580 | \$ 73,959 | \$ 29,538 | \$ 14,717 | \$ 1,392 | \$ 74 | \$ 51,047    |

#### Custodial Credit Risk – Investments

As indicated above, custodial credit risk is the risk that, in the event of a bank failure, the State's investments may not be recovered.

#### Primary Government (Other than Pension Trust Funds)

The State's investment policies include the following restrictions to manage custodial credit risk for investments:

- 1) Repurchase agreements must be collateralized by obligations of the United States and its subsidiary corporations and instrumentalities or entities sanctioned or authorized by the United States government having a market value of at least 102% of the investment. Collateral must be held by a third party custodian approved by the Director of OTFS and marked-to-market daily.
- 2) All CD's must be secured by collateral permitted by statute. Surety bonds acceptable as security for CD's shall require approval by the State Depository Board with such credit constraints or limitations it determines. Pledged securities shall be marked-to-market at least monthly with depositories required to initially pledge to OTFS, and thereafter maintain upon notification of any shortfall, collateral having a market value equal to 110 % of CD's.

At June 30, 2007, \$87.016 million of the State's investments were uninsured, unregistered and held by the counterparty or the counterparty's trust department, but not in the State's name.

#### Pension Trust Funds

The custodial credit risk of pension trust funds is managed by restricting investments to those authorized by the Public Retirement System Investment Authority Law described above and in Note 1. At June 30, 2007, \$855.966 million of the pension trust funds' investments were uninsured, unregistered and held by the counterparty or the counterparty's trust department, but not in the State's name

#### Component Units

The component units follow the applicable investing criteria described above for the primary government. At June 30, 2007, \$178.831 million of the component units' investments were uninsured, unregistered and held by the counterparty or the counterparty's trust department, but not in the State's name.

#### Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the State's investment in a single issuer.

#### Primary Government (Other than Pension Trust Funds)

The State does not have a formally adopted policy for managing concentration of credit risk. At June 30, 2007, more than 5 percent of the primary government's total investments were investments in securities of U. S. agencies not explicitly guaranteed by the U. S. government. These investments represented approximately 78.337 percent of total investments.

# State of Georgia

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## Notes to the Financial Statements For the Fiscal Year Ended June 30, 2007

### Note 4. Deposits and Investments (continued)

#### Pension Trust Funds

The concentration of credit risk policy of pension trust funds limits investments to no more than 5% of total net assets in any one corporation. At June 30, 2007, more than 5 percent of the pension trust fund's total investments were investments in securities of U. S. agencies not explicitly guaranteed by the U. S. government. These investments represented approximately 9.982 percent of total investments.

#### Component Units

The component units follow the applicable investing criteria described above for the primary government. At June 30, 2007, more than 5 percent of the component units' total investments were investments in securities of U. S. Agencies not explicitly guaranteed by the U. S. government. These investments represented approximately 19.890 percent of total investments.

### C. Investments Lending Program

The State is presently involved in securities lending programs with major brokerage firms. The State lends equity and fixed income securities for varying terms and receives a fee based on the loaned securities' value. During a loan, the State continues to receive dividends and interest as the owner of the loaned securities.

#### Primary Government

In the primary government's securities lending agreement, securities are transferred to an independent broker in

exchange for collateral in the form of cash and/or securities issued by the U. S. Treasury or its agencies. The collateral value must be equal to at least 100% to 102% of the loaned securities value, depending on the type of collateral security.

Securities loaned totaled \$895.791 million at June 30, 2007, and the collateral value was equal to 102%. The loaned securities are in the accompanying note disclosures based on the custodial arrangements for the collateral securities. Loaned securities are included in the accompanying Statement of Net Assets since the State maintains ownership. The related collateral securities are not recorded as assets on the Statement of Net Assets, and a corresponding liability is not recorded, since the State does not pledge or trade the collateral securities.

#### Pension Trust Funds

In the pension trust funds securities lending agreements, the brokerage firms pledge collateral securities consisting of U. S. Government and agency securities, mortgage-backed securities issued by a U. S. Government agency, and U. S. corporate bonds. The collateral value must be equal to at least 102% to 110% of the loaned securities value, depending on the type of collateral security.

Securities loaned totaled \$22.422 billion at June 30, 2007, and the collateral value was equal to 105.1%. The loaned securities are in the accompanying note disclosures based on the custodial arrangements for the collateral securities. Loaned securities are included in the accompanying Statement of Net Assets since the State maintains ownership. The related collateral securities are not recorded as assets on the Statement of Net Assets, and a corresponding liability is not recorded, since the State does not pledge or trade the collateral securities.

# State of Georgia

## Notes to the Financial Statements For the Fiscal Year Ended June 30, 2007

### Note 4. Deposits and Investments (continued)

#### D. Investment Pools

Separate reports on the State's external investment pools are not issued. Condensed financial statements, inclusive of external and internal participants for the fiscal year ended June 30, 2007, and related risk disclosures for investments are as follows:

| <u>Georgia Fund 1</u><br><u>Statement of Net Assets</u><br><u>June 30, 2007</u><br>(expressed in thousands) |                             |
|---|-----------------------------|
| <u>Assets</u>   |                             |
| Cash and Cash Equivalents   | \$ 9,391,805                |
| Investments   | <u>1,604,986</u>            |
| Net Assets  | <u><u>\$ 10,996,791</u></u> |
| <br><u>Distribution of Net Assets</u>   |                             |
| External Participant Account Balances   | \$ 5,945,138                |
| Internal Participant Account Balances   | <u>5,051,653</u>            |
| Total Net Assets  | <u><u>\$ 10,996,791</u></u> |

#### Deposits

Because the State does not maintain separate bank accounts for Georgia Fund 1, separate custodial credit risk disclosures for the Fund's deposits cannot be presented. The carrying

#### Georgia Fund 1

The Primary Liquidity portfolio is a stable net asset value investment pool that follows Standard and Poor's criteria for AAAm rated money market funds. The pool is not registered with the Securities and Exchange Commission (SEC) as an investment company, but does operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940.

| <u>Georgia Fund 1</u><br><u>Statement of Changes in Net Assets</u><br><u>For the Fiscal Year Ended June 30, 2007</u><br>(expressed in thousands) |                             |
|--|-----------------------------|
| <u>Additions</u>   |                             |
| Pool Participant Deposits  | \$ 29,440,088               |
| Investment Income  |                             |
| Interest   | 498,070                     |
| Less: Investment Expense   | <u>(2,184)</u>              |
| Total Additions  | \$ 29,935,974               |
| <u>Deductions</u>  |                             |
| Pool Participant Withdrawals   | <u>26,789,424</u>           |
| Net Increase   | \$ 3,146,550                |
| <u>Net Assets</u>  |                             |
| July 1, 2006   | <u>7,850,241</u>            |
| June 30, 2007  | <u><u>\$ 10,996,791</u></u> |

amount of the Fund's deposits as of June 30, 2007, was \$1.078 billion. This amount is included in the deposit disclosures of the Primary Government.

# State of Georgia

## Notes to the Financial Statements For the Fiscal Year Ended June 30, 2007

### Note 4. Deposits and Investments (continued)

#### Investments

Georgia Fund 1 follows applicable investing criteria and investment risk management policies described above for the primary government. In addition, fund managers restrict investments of the Fund in order to maintain the Standard and Poor's AAAM rating.

#### Interest Rate Risk

Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment. The Fund's investments are presented below (in thousands):

|                          | Total<br>Fair Value | Maturity Period       |               | Range<br>of Yields |
|--------------------------|---------------------|-----------------------|---------------|--------------------|
|                          |                     | Less than<br>3 Months | 4 - 12 Months |                    |
| Repurchase Agreements    | \$ 8,436,991        | \$ 8,436,991          | \$ —          | 5.240% - 5.380%    |
| U. S. Agency Obligations | 1,481,563           | 1,245,680             | 235,883       | 5.184% - 5.234%    |
| Total Investments        | \$ 9,918,554        | \$ 9,682,671          | \$ 235,883    |                    |

#### Credit Quality Risk

Credit quality risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. At June 30, 2007, all investments of Georgia Fund 1 were rated AAA.

#### Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the State's investment in a single issuer. At June 30, 2007, more than 5 percent of the Fund's total investments were investments in securities of U. S. agencies not explicitly guaranteed by the U. S. government. These investments represented approximately 14.937 percent of total investments.

# State of Georgia

## Notes to the Financial Statements For the Fiscal Year Ended June 30, 2007

### Note 4. Deposits and Investments (continued)

#### Georgia Extended Asset Pool

The Extended Term Portfolio is a variable net asset value investment pool that follows Standard and Poor's criteria for

AAAf money market rated funds. The pool is not registered with the SEC as an investment company.

#### Assets

|                           |    |                       |
|---------------------------|----|-----------------------|
| Cash and Cash Equivalents | \$ | 359,707               |
| Investments               |    | <u>542,246</u>        |
| Net Assets                | \$ | <u><u>901,953</u></u> |

#### Distribution of Net Assets

|                                       |    |                       |
|---------------------------------------|----|-----------------------|
| External Participant Account Balances | \$ | 51,947                |
| Internal Participant Account Balances |    | <u>850,006</u>        |
| Total Net Assets                      | \$ | <u><u>901,953</u></u> |

#### **Deposits**

Because the State does not maintain separate bank accounts for Georgia Extended Asset Pool, separate custodial credit risk disclosures for the Pool's deposits cannot be presented.

The carrying amount of the Pool's deposits as of June 30, 2007, was \$168.411 million. This amount is included in the deposit disclosures of the Primary Government.

#### Additions

|                           |    |              |
|---------------------------|----|--------------|
| Pool Participant Deposits | \$ | 1,206        |
| Investment Income         |    |              |
| Interest                  |    | 39,757       |
| Fair Value Increases      |    | 12,067       |
| Less: Investment Expense  |    | <u>(317)</u> |
| Total Additions           | \$ | 52,713       |

#### Deductions

|                              |    |               |
|------------------------------|----|---------------|
| Pool Participant Withdrawals |    | <u>15,006</u> |
| Net Increase                 | \$ | 37,707        |

#### Net Assets

|               |    |                       |
|---------------|----|-----------------------|
| July 1, 2006  |    | <u>864,246</u>        |
| June 30, 2007 | \$ | <u><u>901,953</u></u> |

#### **Investments**

Georgia Extended Asset Pool follows applicable investing criteria and investment risk management policies described above for the primary government. In addition, the fund managers restrict investments of the Fund in order to maintain the Standard and Poor's AAAf rating.

# State of Georgia

## Notes to the Financial Statements For the Fiscal Year Ended June 30, 2007

### Note 4. Deposits and Investments (continued)

#### *Interest Rate Risk*

Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an

investment. The Pool's investments are presented below (in thousands):

|                            |                     | Maturity Period       |               |             | Range<br>of Yields |
|----------------------------|---------------------|-----------------------|---------------|-------------|--------------------|
|                            | Total<br>Fair Value | Less than<br>3 Months | 4 - 12 Months | 1 - 5 Years |                    |
| Repurchase Agreements      | \$ 191,295          | \$ 191,295            | \$ —          | \$ —        | 5.380%             |
| U. S. Agency Obligations   | 402,374             | 55,490                | 69,707        | 277,177     | 2.335% - 5.750%    |
| U. S. Treasury Obligations | 139,872             | —                     | 40,308        | 99,564      | 4.182% - 4.552%    |
| Total Investments          | \$ 733,541          | \$ 246,785            | \$ 110,015    | \$ 376,741  |                    |

#### *Credit Quality Risk*

Credit quality risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. At June 30, 2007, the Pool's applicable repurchase agreements and U. S. Agency Obligations were rated AAA.

#### *Concentration of Credit Risk*

Concentration of credit risk is the risk of loss attributed to the magnitude of the State's investment in a single issuer. At June 30, 2007, more than 5 percent of the Pool's total investments were investments in securities of U. S. agencies not explicitly guaranteed by the U. S. government. These investments represented approximately 54.854 percent of total investments.



# State of Georgia

## Notes to the Financial Statements For the Fiscal Year Ended June 30, 2007

### Note 4. Deposits and Investments (continued)

#### Regents Investment Pool

The Regents Investment Pool is not registered with the SEC as an investment company.

| <u>Regents Investment Pool</u><br><u>Statement of Net Assets</u><br><u>June 30, 2007</u><br>(expressed in thousands) |                          |
|--|--------------------------|
| <u>Assets</u>  |                          |
| Cash and Cash Equivalents  | \$ 3,586                 |
| Investments  | 126,295                  |
| Interest Receivable  | <u>227</u>               |
| Net Assets   | \$ <u><u>130,108</u></u> |

#### Distribution of Net Assets

|                                       |                          |
|---------------------------------------|--------------------------|
| External Participant Account Balances | \$ 6,390                 |
| Internal Participant Account Balances | <u>123,718</u>           |
| Total Net Assets                      | \$ <u><u>130,108</u></u> |

#### **Deposits**

Because the State does not maintain separate bank accounts for Regents Investment Pool, separate custodial credit risk disclosures for the Pool's deposits cannot be presented. The carrying amount of the Pool's deposits as of June 30, 2007, was \$3.813 million. This amount is included in the deposit disclosures of the Primary Government.

#### **Investments**

The Regents Investment Pool policy guidelines indicate that all investments must be consistent with donor intent, Board

| <u>Regents Investment Pool</u><br><u>Statement of Changes in Net Assets</u><br><u>For the Fiscal Year Ended June 30, 2007</u><br>(expressed in thousands) |                          |
|---|--------------------------|
| <u>Additions</u>  |                          |
| Investment Income   |                          |
| Interest  | \$ 4,720                 |
| Fair Value Decreases  | 8,800                    |
| Less: Investment Expense  | <u>(359)</u>             |
| Total Additions   | \$ <u><u>13,161</u></u>  |
| <u>Deductions</u>   |                          |
| Pool Participant Withdrawals  | \$ 41,532                |
| Capital Transactions  | <u>(13,283)</u>          |
| Total Deductions  | \$ <u><u>28,249</u></u>  |
| Net Increase  | \$ (15,088)              |
| <u>Net Assets</u>   |                          |
| July 1, 2006  | <u>145,196</u>           |
| June 30, 2007   | \$ <u><u>130,108</u></u> |

of Regents policy and applicable federal and state law. The individual funds of the Pool provide various restrictions on the types of investments allowed.

#### **Interest Rate Risk**

Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment. The Pool's Funds' policy guidelines restrict average maturities of their holdings. The Pool's investments are presented in the following table (in thousands):

# State of Georgia

## Notes to the Financial Statements For the Fiscal Year Ended June 30, 2007

### Note 4. Deposits and Investments (continued)

|                                | Total<br>Fair Value | Maturity Period     |             |              |
|--------------------------------|---------------------|---------------------|-------------|--------------|
|                                |                     | Less than<br>1 Year | 1 - 5 Years | 6 - 10 Years |
| Mutual Bond Fund               | \$ 24,340           | \$ —                | \$ 22,270   | \$ 2,070     |
| U. S. Agency Obligations       | 39,803              | 20,412              | 19,197      | 194          |
| U. S. Treasury Obligations     | 4,201               | —                   | 2,334       | 1,867        |
| Total Debt Securities          | \$ 68,344           | \$ 20,412           | \$ 43,801   | \$ 4,131     |
| Equity Securities              |                     |                     |             |              |
| Domestic                       | 10,234              |                     |             |              |
| Mutual Funds - Equity          | 43,160              |                     |             |              |
| Real Estate Investment<br>Fund | 4,557               |                     |             |              |
| Total Investments              | \$ 126,295          |                     |             |              |

#### **Credit Quality Risk**

Credit quality risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Pool's Funds' policy guidelines require that holdings, except for those of the Diversified Fund must be eligible investments under OCGA 50-174-63. Portfolios of debt

security funds also must meet the eligible investment criteria under the same code section. The Diversified Fund is permitted to invest in noninvestment grade debt issues up to a limit of 15% of the entire fund. The exposure of the Regents Investment Pool's debt securities to credit quality risk is indicated below (in thousands):

|                               | Total<br>Fair Value | Credit Rating |           |
|-------------------------------|---------------------|---------------|-----------|
|                               |                     | AAA           | Not Rated |
| Mutual Bond Fund              | \$ 24,340           | \$ —          | \$ 24,340 |
| U. S. Agency Obligations      | 37,140              | 225           | 36,915    |
| Total Credit Risk Investments | \$ 61,480           | \$ 225        | \$ 61,255 |

#### **Custodial Credit Risk – Investments**

As indicated above, custodial credit risk is the risk that, in the event of a bank failure, the State's investments may not be recovered. The Regents Investment Pool's policy for managing custodial credit risk is to 1) appoint a federally regulated banking institution as custodian, 2) require that all securities transactions be settled on a delivery vs. payment basis through an approved depository institution such as the Depository Trust Company or the Federal Reserve, and 3) require that repurchase agreements be collateralized by U. S. Treasury securities at 102% of the market value of the investment at all times. At June 30, 2007, \$54.237 million of the Regents Investment Pool's holdings were uninsured and held by the custodian bank or a depository institution, but not in the State's name.

#### **Concentration of Credit Risk**

Concentration of credit risk is the risk of loss attributed to the magnitude of the State's investment in a single issuer. The Regents Investment Pool's policy for managing concentration of credit risk is to diversify to the extent that any single issuer (other than U. S. government obligations) shall be limited to 5% of the market value in a particular Pool Fund. At June 30, 2007 more than 5 percent of the Pool's total investments were investments in securities of U. S. agencies not explicitly guaranteed by the U. S. government. These investments represented approximately 29.407 percent of total investments.

# State of Georgia

## Notes to the Financial Statements For the Fiscal Year Ended June 30, 2007

### Note 5. Receivables

Receivables at June 30, 2007, consisted of the following (in thousands):

|                                      | <b>Gross<br/>Receivables</b> | <b>Allowance<br/>For<br/>Uncollectibles</b> | <b>Allowance<br/>For Possible<br/>Loan Losses</b> | <b>Allowance<br/>For Service<br/>Repayments</b> | <b>Deferred<br/>Loan Fees</b> | <b>Net Total<br/>Receivables</b> |
|--------------------------------------|------------------------------|---|---|---|-------------------------------|----------------------------------|
| <b>Governmental Activities:</b>      |                              |   |   |   |                               |                                  |
| General Fund                         | \$ 3,545,579                 | \$ (23,291)                                 | \$ —  | \$ —  | \$ —                          | \$ 3,522,288                     |
| Nonmajor Governmental Funds          | 277                          | —   | —   | —   | —                             | 277                              |
| Total Governmental Funds             | \$ 3,545,856                 | \$ (23,291)                                 | \$ 0  | \$ 0  | \$ 0                          | \$ 3,522,565                     |
| Internal Service Funds               | 31,429                       | (432)                                       | —   | —   | —                             | 30,997                           |
| Receivables from Fiduciary Funds     | 35                           | —   | —   | —   | —                             | 35                               |
| Total Governmental Activities        | <u>\$ 3,577,320</u>          | <u>\$ (23,723)</u>                          | <u>\$ 0</u>                                       | <u>\$ 0</u>                                     | <u>\$ 0</u>                   | <u>\$ 3,553,597</u>              |
| <b>Business-Type Activities:</b>     |                              |   |   |   |                               |                                  |
| Higher Education Fund                | \$ 285,297                   | \$ (13,779)                                 | \$ —  | \$ —  | \$ —                          | \$ 271,518                       |
| State Employees' Health Benefit Plan | 32,873                       | (3,805)                                     | —   | —   | —                             | 29,068                           |
| Unemployment Compensation Fund       | 144,291                      | (30,737)                                    | —   | —   | —                             | 113,554                          |
| State Road and Tollway Authority     | 67                           | (11)  | —   | —   | —                             | 56                               |
| Internal Service Funds               | 2                            | —   | —   | —   | —                             | 2                                |
| Total Business-Type Activities       | <u>\$ 462,530</u>            | <u>\$ (48,332)</u>                          | <u>\$ 0</u>                                       | <u>\$ 0</u>                                     | <u>\$ 0</u>                   | <u>\$ 414,198</u>                |
| <b>Component Units</b>               | <u>\$ 3,253,601</u>          | <u>\$ (5,971)</u>                           | <u>\$ (2,509)</u>                                 | <u>\$ (43,474)</u>                              | <u>\$ (213)</u>               | <u>\$ 3,201,434</u>              |

# State of Georgia

## Notes to the Financial Statements For the Fiscal Year Ended June 30, 2007

### Note 5. Receivables (continued)

A reconciliation of receivables at June 30, 2007, to financial statement categories follows (in thousands):

| ASSET CATEGORIES              | Governmental Funds |                                   | Proprietary Funds           |                                      |                                      |  |                              |                    |
|-------------------------------|--------------------|-----------------------------------|-----------------------------|--------------------------------------|--------------------------------------|--|------------------------------|--------------------|
|                               |                    |                                   | State                       |                                      |                                      |  |                              |                    |
|                               | General<br>Fund    | Nonmajor<br>Governmental<br>Funds | Higher<br>Education<br>Fund | Employees'<br>Health<br>Benefit Plan | Unemployment<br>Compensation<br>Fund | State Road<br>and Tollway<br>Authority | Internal<br>Service<br>Funds | Component<br>Units |
| Current Assets:               |                    |                                   |                             |                                      |                                      |  |                              |                    |
| Receivables (Net)             |                    |                                   |                             |                                      |                                      |  |                              |                    |
| Taxes                         | \$ 1,676,415       | \$ —                              | \$ —                        | \$ —                                 | \$ —                                 | \$ —                                   | \$ —                         | \$ 311             |
| Interest and Dividends        | 61,756             | —                                 | —                           | —                                    | —                                    | —                                      | —                            | 19,372             |
| Notes and Loans               | 1,547              | —                                 | —                           | —                                    | —                                    | —                                      | —                            | 166,227            |
| Other                         | 478,395            | 277                               | 174,308                     | 29,068                               | 113,223                              | 56                                     | 30,926                       | 372,869            |
| Intergovernmental Receivables | 1,304,175          | —                                 | 52,940                      | —                                    | 331                                  | —                                      | 73                           | 13,714             |
| Noncurrent Assets:            |                    |                                   |                             |                                      |                                      |  |                              |                    |
| Receivables (Net)             |                    |                                   |                             |                                      |                                      |  |                              |                    |
| Notes and Loans               | —                  | —                                 | 44,270                      | —                                    | —                                    | —                                      | —                            | 1,275,694          |
| Other                         | —                  | —                                 | —                           | —                                    | —                                    | —                                      | —                            | 731,016            |
| Restricted Assets             |                    |                                   |                             |                                      |                                      |  |                              |                    |
| Receivables                   |                    |                                   |                             |                                      |                                      |  |                              |                    |
| Loans (Net)                   | —                  | —                                 | —                           | —                                    | —                                    | —                                      | —                            | 616,802            |
| Interest and Dividends        | —                  | —                                 | —                           | —                                    | —                                    | —                                      | —                            | 5,298              |
| Other                         | —                  | —                                 | —                           | —                                    | —                                    | —                                      | —                            | 131                |
| Total Receivables             | \$ 3,522,288       | \$ 277                            | \$ 271,518                  | \$ 29,068                            | \$ 113,554                           | \$ 56                                  | \$ 30,999                    | \$ 3,201,434       |

# State of Georgia

## Notes to the Financial Statements For the Fiscal Year Ended June 30, 2007

### Note 6. Capital Assets

#### Primary Government

Capital asset activity for the year ended June 30, 2007, was as follows (in thousands):

|  | Balance<br>July 1, 2006 | Adjustments      | Increases           | Decreases             | Balance<br>June 30, 2007 |
|--|-------------------------|------------------|---------------------|-----------------------|--------------------------|
| <b>Governmental Activities:</b>                    |                         |                  |                     |                       |                          |
| <b>Capital Assets Not Being Depreciated:</b>       |                         |                  |                     |                       |                          |
| Land   | \$ 1,917,548            | \$ 10,447        | \$ 297,116          | \$ (2,348)            | \$ 2,222,763             |
| Works of Art and Collections                       | 1,376                   | —                | —                   | —                     | 1,376                    |
| Construction in Progress                           | 3,005,536               | —                | 2,453,565           | (2,364,554)           | 3,094,547                |
| Total Capital Assets, Not Being Depreciated        | \$ 4,924,460            | \$ 10,447        | \$ 2,750,681        | \$ (2,366,902)        | \$ 5,318,686             |
| <b>Capital Assets Being Depreciated:</b>           |                         |                  |                     |                       |                          |
| Infrastructure                                     | \$ 16,758,419           | \$ —             | \$ 1,472,197        | \$ (8)                | \$ 18,230,608            |
| Buildings  | 2,866,023               | 1,020            | 90,454              | (2,946)               | 2,954,551                |
| Improvements Other Than Buildings                  | 76,875                  | 13               | 777                 | (39)                  | 77,626                   |
| Machinery and Equipment                            | 741,066                 | 84,168           | 78,990              | (43,873)              | 860,351                  |
| Software   | 83,500                  | 51,312           | 6,782               | (808)                 | 140,786                  |
| Works of Art and Collections                       | 620                     | —                | —                   | —                     | 620                      |
| Total Capital Assets Being Depreciated             | \$ 20,526,503           | \$ 136,513       | \$ 1,649,200        | \$ (47,674)           | \$ 22,264,542            |
| <b>Less Accumulated Depreciation For:</b>          |                         |                  |                     |                       |                          |
| Infrastructure                                     | \$ (7,744,725)          | \$ —             | \$ (875,864)        | \$ —                  | \$ (8,620,589)           |
| Buildings  | (1,026,006)             | (310)            | (72,241)            | 2,256                 | (1,096,301)              |
| Improvements Other Than Buildings                  | (33,695)                | (1)              | (3,583)             | 20                    | (37,259)                 |
| Machinery and Equipment                            | (515,088)               | (58,970)         | (58,153)            | 27,079                | (605,132)                |
| Software   | (53,690)                | (38,983)         | (21,014)            | —                     | (113,687)                |
| Works of Art and Collections                       | (104)                   | —                | (20)                | —                     | (124)                    |
| Total Accumulated Depreciation                     | \$ (9,373,308)          | \$ (98,264)      | \$ (1,030,875)      | \$ 29,355             | \$ (10,473,092)          |
| Total Capital Assets Being Depreciated, Net        | \$ 11,153,195           | \$ 38,249        | \$ 618,325          | \$ (18,319)           | \$ 11,791,450            |
| <b>Governmental Activities Capital Assets, Net</b> | <b>\$ 16,077,655</b>    | <b>\$ 48,696</b> | <b>\$ 3,369,006</b> | <b>\$ (2,385,221)</b> | <b>\$ 17,110,136</b>     |

# State of Georgia

## Notes to the Financial Statements For the Fiscal Year Ended June 30, 2007

### Note 6. Capital Assets (continued)

#### Primary Government (continued)

|   | Balance<br>July 1, 2006 | Transfers<br>and Other<br>Adjustments | Increases         | Decreases           | Balance<br>June 30, 2007 |
|---|-------------------------|---------------------------------------|-------------------|---------------------|--------------------------|
| <b>Business-Type Activities:</b>                    |                         |                                       |                   |                     |                          |
| <b>Capital Assets Not Being Depreciated:</b>        |                         |                                       |                   |                     |                          |
| Land  | \$ 223,606              | \$ 2,469                              | \$ 10,090         | \$ (510)            | \$ 235,655               |
| Works of Art and Collections                        | 19,911                  | —                                     | 11,276            | (33)                | 31,154                   |
| Construction in Progress                            | 170,473                 | —                                     | 155,508           | (130,609)           | 195,372                  |
| Total Capital Assets, Not Being Depreciated         | \$ 413,990              | \$ 2,469                              | \$ 176,874        | \$ (131,152)        | \$ 462,181               |
| <b>Capital Assets Being Depreciated:</b>            |                         |                                       |                   |                     |                          |
| Infrastructure                                      | \$ 266,602              | \$ (112,048)                          | \$ 17,959         | \$ (2,130)          | \$ 170,383               |
| Buildings   | 5,070,450               | 110,603                               | 398,314           | (17,132)            | 5,562,235                |
| Improvements Other Than Buildings                   | 269,942                 | (3,593)                               | 10,639            | (1,490)             | 275,498                  |
| Machinery and Equipment                             | 1,517,376               | (82,133)                              | 411,489           | (69,118)            | 1,777,614                |
| Software  | 51,312                  | (50,627)                              | —                 | —                   | 685                      |
| Library Collections                                 | 605,334                 | 12,959                                | 34,378            | (2,484)             | 650,187                  |
| Works of Art and Collections                        | 1,065                   | —                                     | 302               | (9)                 | 1,358                    |
| Total Capital Assets Being Depreciated              | \$ 7,782,081            | \$ (124,839)                          | \$ 873,081        | \$ (92,363)         | \$ 8,437,960             |
| <b>Less Accumulated Depreciation For:</b>           |                         |                                       |                   |                     |                          |
| Infrastructure                                      | \$ (51,431)             | \$ —                                  | \$ (4,201)        | \$ 1,746            | \$ (53,886)              |
| Buildings   | (1,435,414)             | 76                                    | (140,681)         | 6,040               | (1,569,979)              |
| Improvements Other Than Buildings                   | (105,541)               | (1,741)                               | (7,411)           | 1,130               | (113,563)                |
| Machinery and Equipment                             | (886,531)               | 55,844                                | (117,781)         | 62,685              | (885,783)                |
| Software  | (38,983)                | 38,828                                | (98)              | —                   | (253)                    |
| Library Collections                                 | (453,553)               | (103)                                 | (33,486)          | 2,605               | (484,537)                |
| Works of Art and Collections                        | (425)                   | —                                     | (28)              | 9                   | (444)                    |
| Total Accumulated Depreciation                      | \$ (2,971,878)          | \$ 92,904                             | \$ (303,686)      | \$ 74,215           | \$ (3,108,445)           |
| Total Capital Assets Being Depreciated, Net         | \$ 4,810,203            | \$ (31,935)                           | \$ 569,395        | \$ (18,148)         | \$ 5,329,515             |
| <b>Business-Type Activities Capital Assets, Net</b> | <b>\$ 5,224,193</b>     | <b>\$ (29,466)</b>                    | <b>\$ 746,269</b> | <b>\$ (149,300)</b> | <b>\$ 5,791,696</b>      |

# State of Georgia

## Notes to the Financial Statements For the Fiscal Year Ended June 30, 2007

### Note 6. Capital Assets (continued)

#### Primary Government (continued)

Current period depreciation expense was charged to functions of the primary government as follows (in thousands):

|   |           |                  |
|---|-----------|------------------|
| General Government  | \$        | 10,696           |
| Education   |           | 92               |
| Health and Welfare  |           | 24,443           |
| Transportation  |           | 882,039          |
| Public Safety   |           | 51,756           |
| Economic Development  |           | 19,327           |
| Culture and Recreation  |           | 12,294           |
| Conservation  |           | 3,069            |
| Internal Service Funds  |           |                  |
| (Depreciation on capital assets held by the state's<br>internal service funds are charged to the various<br>functions based on their usage of the assets) |           | 27,159           |
| <b>Depreciation Expense - Governmental Activities</b>   | <b>\$</b> | <b>1,030,875</b> |

#### Component Units

Capital asset activity for the year ended June 30, 2007, was as follows (in thousands):

|  | Balance<br>July 1, 2006 | Transfers<br>and Other<br>Adjustments | Increases          | Decreases          | Balance<br>June 30, 2007 |
|--|-------------------------|---------------------------------------|--------------------|--------------------|--------------------------|
| <b>Capital Assets Not Being Depreciated:</b>       |                         |                                       |                    |                    |                          |
| Land   | \$ 229,937              | \$ (10,286)                           | \$ 6,304           | \$ (1,752)         | \$ 224,203               |
| Works of Art and Collections                       | 201                     | 386                                   | 384                | —                  | 971                      |
| Construction in Progress                           | 46,274                  | (2,447)                               | 61,231             | (17,464)           | 87,594                   |
| <b>Total Capital Assets, Not Being Depreciated</b> | <b>\$ 276,412</b>       | <b>\$ (12,347)</b>                    | <b>\$ 67,919</b>   | <b>\$ (19,216)</b> | <b>\$ 312,768</b>        |
| <b>Capital Assets Being Depreciated:</b>           |                         |                                       |                    |                    |                          |
| Infrastructure                                     | \$ 184,005              | \$ —                                  | \$ 12,116          | \$ (4,351)         | \$ 191,770               |
| Buildings  | 856,066                 | (4,881)                               | 4,766              | (4,384)            | 851,567                  |
| Improvements Other Than Buildings                  | 276,303                 | 13,833                                | 29,771             | (770)              | 319,137                  |
| Machinery and Equipment                            | 533,386                 | (13,979)                              | 44,711             | (16,706)           | 547,412                  |
| Software   | 1,816                   | (685)                                 | 423                | —                  | 1,554                    |
| Works of Art and Collections                       | 0                       | —                                     | 71                 | —                  | 71                       |
| <b>Total Capital Assets Being Depreciated</b>      | <b>\$ 1,851,576</b>     | <b>\$ (5,712)</b>                     | <b>\$ 91,858</b>   | <b>\$ (26,211)</b> | <b>\$ 1,911,511</b>      |
| <b>Less Accumulated Depreciation For:</b>          |                         |                                       |                    |                    |                          |
| Infrastructure                                     | \$ (71,315)             | \$ —                                  | \$ (4,785)         | \$ 3,296           | \$ (72,804)              |
| Buildings  | (281,040)               | 3,536                                 | (21,534)           | 3,587              | (295,451)                |
| Improvements Other Than Buildings                  | (102,273)               | (3,066)                               | (11,003)           | 682                | (115,660)                |
| Machinery and Equipment                            | (349,860)               | 6,169                                 | (41,610)           | 15,147             | (370,154)                |
| Software   | (155)                   | 155                                   | —                  | —                  | 0                        |
| Works of Art and Collections                       | 0                       | —                                     | (2)                | —                  | (2)                      |
| <b>Total Accumulated Depreciation</b>              | <b>\$ (804,643)</b>     | <b>\$ 6,794</b>                       | <b>\$ (78,934)</b> | <b>\$ 22,712</b>   | <b>\$ (854,071)</b>      |
| <b>Capital Assets, Net (GASB presentation)</b>     | <b>\$ 1,323,345</b>     | <b>\$ (11,265)</b>                    | <b>\$ 80,843</b>   | <b>\$ (22,715)</b> | <b>\$ 1,370,208</b>      |

# State of Georgia

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## Notes to the Financial Statements For the Fiscal Year Ended June 30, 2007

### Note 6. Capital Assets (continued)

#### Component Units (continued)

Certain higher education foundations and other similar organizations utilize FASB standards; therefore, only the June 30, 2007, balances are available as follows (in thousands):

**Capital Assets Not Being Depreciated:**

|   |                   |
|---|-------------------|
| Land  | \$ 48,356         |
| Construction in Progress                    | 161,780           |
| Total Capital Assets, Not Being Depreciated | <u>\$ 210,136</u> |

**Capital Assets Being Depreciated:**

|  |                   |
|--|-------------------|
| Buildings                              | \$ 437,022        |
| Machinery and Equipment                | 18,048            |
| Total Capital Assets Being Depreciated | <u>\$ 455,070</u> |

|                                       |                    |
|---------------------------------------|--------------------|
| <b>Less: Accumulated Depreciation</b> | <u>\$ (71,820)</u> |
|---------------------------------------|--------------------|

|  |                          |
|--|--------------------------|
| <b>Capital Assets, Net (FASB presentation)</b> | <u><u>\$ 593,386</u></u> |
|--|--------------------------|

|  |                            |
|--|----------------------------|
| <b>Total Capital Assets, Net - All Component Units</b> | <u><u>\$ 1,963,594</u></u> |
|--|----------------------------|



# State of Georgia

## Notes to the Financial Statements For the Fiscal Year Ended June 30, 2007

### Note 7. Risk Management

#### A. Public Entity Risk Pool

The Department of Community Health administers the States Health Benefit Plan for the State. Participants include State agencies, component units, participating county governments and local educational agencies. This plan is funded by participating employer and employee contributions and appropriations from the General Assembly of Georgia. The Department of Community Health has contracted with Blue Cross Blue Shield of Georgia, Cigna, United Health Care and Express Scripts to process claims in accordance with the State Health Benefit Plan as established by the Board of Community Health.

A reconciliation of total claims liabilities for fiscal years ended June 30, 2007, and 2006, is shown below (in thousands):

|   | Fiscal<br>Year Ended<br>June 30, 2007 | Fiscal<br>Year Ended<br>June 30, 2006 |
|---|---------------------------------------|---------------------------------------|
| Unpaid Claims and Claim<br>Adjustments July 1   | \$ 247,350                            | \$ 175,578                            |
| Current Year Claims and<br>Changes in Estimates | 1,837,329                             | 2,048,140                             |
| Claims Payments                                 | <u>(1,904,772)</u>                    | <u>(1,976,368)</u>                    |
| Unpaid Claims and Claim<br>Adjustments June 30  | \$ <u>179,907</u>                     | \$ <u>247,350</u>                     |

#### B. Board of Regents Employee Health Benefits Plan

The Board of Regents of the University System of Georgia maintains a program of health benefits for its employees and retirees. This plan is funded jointly through premiums paid by participants covered under the plan and employer contributions paid by the Board of Regents and its organizational units. All units of the University System of Georgia share the risk of loss for claims of the plan.

The Board of Regents has contracted with Blue Cross Blue Shield of Georgia and Express Scripts to process all claims in accordance with guidelines as established by the Board of Regents.

A reconciliation of total claims liabilities for fiscal years ended June 30, 2007, and 2006, is shown below (in thousands):

|   | Fiscal<br>Year Ended<br>June 30, 2007 | Fiscal<br>Year Ended<br>June 30, 2006 |
|---|---------------------------------------|---------------------------------------|
| Unpaid Claims and Claim<br>Adjustments July 1   | \$ 27,984                             | \$ 27,583                             |
| Current Year Claims and<br>Changes in Estimates | 264,356                               | 245,823                               |
| Claims Payments                                 | <u>(265,193)</u>                      | <u>(245,422)</u>                      |
| Unpaid Claims and Claim<br>Adjustments June 30  | \$ <u>27,147</u>                      | \$ <u>27,984</u>                      |

# State of Georgia

## Notes to the Financial Statements For the Fiscal Year Ended June 30, 2007

### Note 7. Risk Management (continued)

#### C. Other Risk Management

The Department of Administrative Services (DOAS) has the responsibility for the State of Georgia of administering the risk management funds of the state and making and carrying out decisions that will minimize the adverse effects of accidental losses that involve State government assets. The State believes it is more economical to manage its risks internally and set aside assets for claim settlement. Accordingly, DOAS services claims for risk of loss to which the State is exposed, including general liability, property and casualty, workers' compensation, unemployment compensation, and law enforcement officers' and teachers' indemnification. Limited amounts of commercial insurance are purchased applicable to property, employee and automobile liability, fidelity and certain other risks. Premiums for the risk management program are charged to State organizations by DOAS to provide claims servicing and claims payment.

Charges by the workers' compensation risk management fund to other funds have failed to recover the full cost of claims over a reasonable period of time. Therefore, the unadjusted deficit at June 30, 2007, of \$184.084 million was charged back to the contributing funds. Expenditures of \$119.655 million are reported in the general fund, and expenses of \$46.021 million are reported in the Higher Education (enterprise) Fund relating to this charge-back.

A reconciliation of total claims liabilities for fiscal years ended June 30, 2007, and 2006, is shown below (in thousands):

|   | Fiscal<br>Year Ended<br>June 30, 2007 | Fiscal<br>Year Ended<br>June 30, 2006 |
|---|---------------------------------------|---------------------------------------|
| Unpaid Claims and Claim<br>Adjustments July 1   | \$ 373,248                            | \$ 388,389                            |
| Current Year Claims and<br>Changes in Estimates | 76,715                                | 84,634                                |
| Claims Payments                                 | (107,605)                             | (99,775)                              |
| Unpaid Claims and Claim<br>Adjustments June 30  | \$ 342,358                            | \$ 373,248                            |

### Note 8. Construction and Other Significant Commitments

#### Primary Government

The Georgia State Financing and Investment Commission has entered into agreements with various State organizations for the expenditure of bond sale proceeds and cash supplements (provided by or on behalf of the organization involved) to acquire and construct capital projects. At June 30, 2007, the undisbursed balance remaining on these agreements approximated \$1.44 billion.

At June 30, 2007, the Department of Transportation had contractual commitments of \$5.603 billion for construction of various highway projects. Funding of these future expenditures is expected to be provided from federal grants, motor fuel tax funds and general obligation bond proceeds.

### Note 9. Operating Leases

#### A. Lessee

The State leases land, office facilities, office and computer equipment, and other assets. These leases are considered for accounting purposes to be operating leases. Although lease terms vary, many leases are subject to appropriation from the General Assembly to continue the obligation. Other leases generally contain provisions that, at the expiration date of the original term of the lease, the State has the option of renewing the lease on a year-to-year basis.

Total lease payments for the State's governmental activities, business-type activities, and component units were \$117.082 million, \$39.720 million, and \$5.183 million, respectively, for the year ended June 30, 2007. Future minimum commitments for operating leases as of June 30, 2007, are listed below (in thousands). Amounts are included for renewable leases for which the option to renew for the subsequent fiscal year has been exercised.

# State of Georgia

## Notes to the Financial Statements For the Fiscal Year Ended June 30, 2007

### Note 9. Operating Leases (continued)

| <u>Fiscal Year Ended June 30</u> | Primary Government         |                             | Component<br>Units |
|----------------------------------|----------------------------|-----------------------------|--------------------|
|                                  | Governmental<br>Activities | Business-Type<br>Activities |                    |
| 2008                             | \$ 106,855                 | \$ 29,147                   | \$ 5,361           |
| 2009                             | 85,512                     | 11,520                      | 4,878              |
| 2010                             | 78,197                     | 9,784                       | 4,233              |
| 2011                             | 67,151                     | 9,435                       | 4,041              |
| 2012                             | 60,726                     | 8,948                       | 3,694              |
| 2013-2017                        | 181,372                    | 28,833                      | 11,330             |
| 2018-2022                        | 95,169                     | —                           | —                  |
| 2023-2027                        | 72,055                     | —                           | —                  |
| 2028-2032                        | 9,246                      | —                           | —                  |
| 2033-2037                        | 7,545                      | —                           | —                  |
| 2038-2042                        | 7,545                      | —                           | —                  |
| 2043-2047                        | 7,545                      | —                           | —                  |
| 2048-2052                        | 6,763                      | —                           | —                  |
| 2053-2057                        | 3,371                      | —                           | —                  |
| 2058-2062                        | 42                         | —                           | —                  |
|                                  | <u>\$ 789,094</u>          | <u>\$ 97,667</u>            | <u>\$ 33,537</u>   |
| Less: Sublease Revenues          | <u>—</u>                   | <u>—</u>                    | <u>(1,535)</u>     |
| Total Minimum Commitments        | <u>\$ 789,094</u>          | <u>\$ 97,667</u>            | <u>\$ 32,002</u>   |

# State of Georgia

## Notes to the Financial Statements For the Fiscal Year Ended June 30, 2007

### Note 9. Operating Leases (continued)

#### **B. Lessor**

The State leases certain facilities and land for use by others for terms varying from 1 to 65 years. The majority of the governmental activities leases are for facilities controlled by the State Properties Commission. The leases are accounted for as operating leases; revenues for services provided and for use of facilities are recorded when earned. Total revenues from rental of land and facilities for the

State's governmental activities, business-type activities, and component units were \$8.460 million, \$47 thousand, and \$12.988 million, respectively, for the year ended June 30, 2007. Minimum future revenues and rentals to be received under operating leases as of June 30, 2007, are as follows (in thousands):

| <u>Fiscal Year Ended June 30</u> | <u>Governmental<br/>Activities</u> | <u>Business-Type<br/>Activities</u> | <u>Component<br/>Units</u> |
|----------------------------------|------------------------------------|-------------------------------------|----------------------------|
| 2008                             | \$ 8,165                           | \$ 37                               | \$ 13,032                  |
| 2009                             | 8,042                              | 37                                  | 11,750                     |
| 2010                             | 8,013                              | 37                                  | 11,143                     |
| 2011                             | 8,119                              | 37                                  | 10,471                     |
| 2012                             | 8,160                              | 37                                  | 9,188                      |
| 2013-2017                        | 42,575                             | —                                   | 39,091                     |
| 2018-2022                        | 25,906                             | —                                   | 28,240                     |
| 2023-2027                        | 7,324                              | —                                   | 22,417                     |
| 2028-2032                        | 7,673                              | —                                   | 16,005                     |
| 2033-2037                        | 7,501                              | —                                   | 12,301                     |
| 2038-2042                        | 8,371                              | —                                   | 11,187                     |
| 2043-2047                        | 5,698                              | —                                   | 11,530                     |
| 2048-2052                        | 3,085                              | —                                   | 4,822                      |
| 2053-2057                        | 3,160                              | —                                   | —                          |
| 2058-2062                        | 3,260                              | —                                   | —                          |
| 2063-2067                        | 3,360                              | —                                   | —                          |
| 2068-2072                        | 2,760                              | —                                   | —                          |
| Total Minimum Revenues           | \$ <u>161,172</u>                  | \$ <u>185</u>                       | \$ <u>201,177</u>          |

# State of Georgia

## Notes to the Financial Statements For the Fiscal Year Ended June 30, 2007

### Note 10. Capital Leases

The State acquires certain property and equipment through multi-year capital leases with varying terms and options. The majority of these agreements contain fiscal funding clauses in accordance with OCGA 50-5-64 which prohibits the creation of a debt to the State of Georgia for the payment of any sums under such agreements beyond the fiscal year of execution if appropriated funds are not

available. If renewal of such agreements is reasonably assured, however, capital leases requiring appropriation by the General Assembly are considered noncancellable for financial reporting purposes. At June 30, 2007, the historical cost of assets acquired through capital leases was as follows (in thousands):

|                                       | Primary Government         |                             | Component<br>Units |
|---------------------------------------|----------------------------|-----------------------------|--------------------|
|                                       | Governmental<br>Activities | Business-Type<br>Activities |                    |
| Land                                  | \$ —                       | \$ 14,461                   | \$ —               |
| Infrastructure                        | —                          | 6,890                       | —                  |
| Buildings                             | —                          | 1,174,334                   | —                  |
| Improvements Other Than Buildings     | —                          | 234                         | —                  |
| Machinery and Equipment               | 13,487                     | 37,792                      | 17,961             |
| Total Assets Held Under Capital Lease | \$ 13,487                  | \$ 1,233,711                | \$ 17,961          |

At June 30, 2007, future commitments under capital leases were as follows (in thousands):

|   | Primary Government         |                             | Component<br>Units |
|---|----------------------------|-----------------------------|--------------------|
|   | Governmental<br>Activities | Business-Type<br>Activities |                    |
| <b><u>Fiscal Year Ended June 30</u></b> |                            |                             |                    |
| 2008                                    | \$ 3,841                   | \$ 97,932                   | \$ 7,378           |
| 2009                                    | 2,553                      | 99,080                      | 7,208              |
| 2010                                    | 1,448                      | 98,001                      | 6,869              |
| 2011                                    | 823                        | 94,229                      | 5,463              |
| 2012                                    | 394                        | 90,302                      | 2,712              |
| 2013-2017                               | 323                        | 453,669                     | 5,179              |
| 2018-2022                               | —                          | 464,194                     | 1,424              |
| 2023-2027                               | —                          | 421,568                     | —                  |
| 2028-2032                               | —                          | 322,267                     | —                  |
| 2033-2037                               | —                          | 91,007                      | —                  |
| Total Capital Lease Payments            | \$ 9,382                   | \$ 2,232,249                | \$ 36,233          |
| Less: Interest and Executory Costs      | (1,220)                    | (1,030,725)                 | (5,104)            |
| Present Value of Capital Lease Payments | \$ 8,162                   | \$ 1,201,524                | \$ 31,129          |

# State of Georgia

## Notes to the Financial Statements For the Fiscal Year Ended June 30, 2007

### Note 11. Short-Term Debt

#### Primary Government

On August 1, 2006, the State Road and Tollway Authority (nonmajor governmental fund) was authorized to issue and sell a maximum of \$150 million aggregate principal of Federal Highway Reimbursement Revenue Commercial Paper Notes, Series A, with an initial issuance of \$50 million. Maturities are up to 270 days from date of issue.

The commercial paper notes were issued to provide interim or short-term financing for the planning, engineering, design, acquisition, and construction of various transportation projects. Short-term debt activity for the fiscal year ended June 30, 2007, is shown below (in thousands):

|   | Balance<br>July 1, 2006 | Increases | Decreases  | Balance<br>June 30, 2007 |
|---|-------------------------|-----------|------------|--------------------------|
| Governmental Fund/Activities:<br>Commercial Paper Payable | \$ 0                    | \$ 50,000 | \$ (5,000) | \$ 45,000                |

### Note 12. Long-Term Liabilities

#### Primary Government

Changes in long-term liabilities for the fiscal year ended June 30, 2007, is shown in the table below (in thousands):

|                                       | Balance<br>July 1, 2006 | Retroactive<br>Restatement<br>of Prior<br>Year Balance | Increases           | Decreases             | Balance<br>June 30, 2007 | Amounts Due<br>Within One Year |
|---------------------------------------|-------------------------|--|---------------------|-----------------------|--------------------------|--------------------------------|
| <b>Governmental Activities:</b>       |                         |  |                     |                       |                          |                                |
| Compensated Absences Payable          | \$ 259,342              | \$ 3,705   | \$ 172,447          | \$ (115,169)          | \$ 320,325               | \$ 106,564                     |
| Capital Lease Obligations             | 4,748                   | 3,025  | 4,829               | (4,440)               | 8,162                    | 3,150                          |
| Contracts Payable                     | 5,374                   | —  | —                   | (5,374)               | 0                        | —                              |
| Notes and Loans Payable               | 796                     | —  | —                   | (228)                 | 568                      | 255                            |
| Revenue Bonds Payable                 | —                       | 592,825  | 450,000             | (47,955)              | 994,870                  | 55,620                         |
| Net Unamortized Premiums              | —                       | 27,113   | 19,967              | (3,957)               | 43,123                   | —                              |
| General Obligation Bonds Payable      | 6,842,900               | —  | 1,625,920           | (853,155)             | 7,615,665                | 583,745                        |
| Net Unamortized Premiums              | 171,791                 | —  | 22,816              | (13,570)              | 181,037                  | —                              |
| Deferred Amount on Refunding          | (105,348)               | —  | (13,546)            | 11,111                | (107,783)                | —                              |
| Arbitrage                             | 2,546                   | —  | 6,951               | (1,030)               | 8,467                    | 692                            |
| <b>Total Governmental Activities</b>  | <b>\$ 7,182,149</b>     | <b>\$ 626,668</b>                                      | <b>\$ 2,289,384</b> | <b>\$ (1,033,767)</b> | <b>\$ 9,064,434</b>      | <b>\$ 750,026</b>              |
| <b>Business-Type Activities:</b>      |                         |  |                     |                       |                          |                                |
| Compensated Absences Payable          | \$ 169,949              | \$ (3,705)   | \$ 129,403          | \$ (112,066)          | \$ 183,581               | \$ 102,135                     |
| Capital Lease Obligations             | 839,926                 | (3,283)  | 396,404             | (31,523)              | 1,201,524                | 34,469                         |
| Notes and Loans Payable               | 2,618                   | —  | 7,150               | (291)                 | 9,477                    | 303                            |
| Revenue Bonds Payable                 | —                       | 46,510   | —                   | (6,915)               | 39,595                   | 7,200                          |
| Net Unamortized Premiums              | —                       | 537  | —                   | (115)                 | 422                      | —                              |
| Deferred Amount on Refunding          | —                       | (1,880)  | —                   | 403                   | (1,477)                  | —                              |
| U. S. DOE Settlement                  | 1,212                   | —  | —                   | (260)                 | 952                      | 206                            |
| <b>Total Business-Type Activities</b> | <b>\$ 1,013,705</b>     | <b>\$ 38,179</b>                                       | <b>\$ 532,957</b>   | <b>\$ (150,767)</b>   | <b>\$ 1,434,074</b>      | <b>\$ 144,313</b>              |

# State of Georgia

## Notes to the Financial Statements For the Fiscal Year Ended June 30, 2007

### Note 12. Long-Term Liabilities (continued)

The governmental funds in which the leases are recorded will liquidate the capital lease obligations for governmental activities. The compensated absences liabilities will be liquidated by the applicable funds that account for the salaries and wages of the related employees.

Included in the revenue bonds payable are \$608.250 million guaranteed by the State (\$568.655 million and \$39.595 million in governmental and business-type activities, respectively) for transportation projects. The governmental activities guaranteed revenue bonds will be liquidated with motor fuel tax collections, and the business-type activities guaranteed revenue bonds will be liquidated with toll revenues.

The State issues general obligation bonds to provide funds for the acquisition and construction of major capital

facilities and equipment. General obligation bonds have been issued for both general State and proprietary activities, to provide loans to local governments for water and sewer systems, to construct educational facilities for local school systems, and to refund general obligation bonds. As of June 30, 2007, the State had \$331.549 million of authorized but unissued general obligation bonds.

General obligation bonds are direct obligations and pledge the full faith and credit of the State. General obligation bonds currently outstanding are as follows (in thousands):

| <u>Purpose</u>                             | <u>Interest Rates</u> | <u>Amount</u>       |
|--|-----------------------|---------------------|
| General Government                         | 1.00% - 7.45%         | \$ 6,468,885        |
| General Government - Refunding             | 4.875% - 5.00%        | 1,146,780           |
| Total General Obligation Bonds Outstanding |                       | <u>\$ 7,615,665</u> |

Annual debt service requirements to maturity for general obligation bonds are as follows (in thousands):

| <u>Year</u>                    | <u>Principal</u>    | <u>Interest</u>     | <u>Total</u>         |
|--------------------------------|---------------------|---------------------|----------------------|
| 2008                           | \$ 583,745          | \$ 383,157          | \$ 966,902           |
| 2009                           | 593,475             | 353,496             | 946,971              |
| 2010                           | 614,615             | 320,292             | 934,907              |
| 2011                           | 603,795             | 286,021             | 889,816              |
| 2012                           | 541,215             | 253,973             | 795,188              |
| 2013-2017                      | 2,182,965           | 882,501             | 3,065,466            |
| 2018-2022                      | 1,649,915           | 389,383             | 2,039,298            |
| 2023-2027                      | 845,940             | 84,494              | 930,434              |
| Total General Obligation Bonds | <u>\$ 7,615,665</u> | <u>\$ 2,953,317</u> | <u>\$ 10,568,982</u> |

During fiscal year 2007, the State issued \$213.72 million General Obligation Refunding Bonds Series 2007C to advance refund \$48.5 million Series 2001B, \$65.185 million Series 2002B, \$48.5 million Series 2002D, and \$59.785 million Series 2002F General Obligation Bonds. The principal amount of the refunding bonds, \$18.922 million of original issue premium, and \$3.105 million State cash contribution less \$231 thousand in bond issuance costs were paid to an escrow agent to be placed in an irrevocable trust account to provide for the debt service payments on the refunded bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the Statement of Net Assets.

The advance refunding transaction resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$13.546 million. This difference, reported in the accompanying financial statements as a deduction from bonds payable, is being charged to operations through fiscal year 2022 using the straight-line method, which approximates the effective interest method. The refunding reduced the State's aggregate debt service payments by \$13.648 million over 15 years and resulted in an economic gain (difference between the present values of the old and new debt service payments) of \$9.973 million. At June 30, 2007, the total amount outstanding of defeased general obligation bonds was \$1.099 billion.

# State of Georgia

## Notes to the Financial Statements For the Fiscal Year Ended June 30, 2007

### Note 12. Long-Term Liabilities (continued)

#### Component Units

Changes in long-term liabilities for the year ended June 30, 2007, were as follows (in thousands):

|                                | Balance      | Retroactive<br>Restatement<br>of Prior |            |              | Balance       | Amounts Due     |
|--------------------------------|--------------|--|------------|--------------|---------------|-----------------|
|                                | July 1, 2006 | Year Balance                           | Increases  | Decreases    | June 30, 2007 | Within One Year |
| Compensated Absences Payable   | \$ 19,436    | \$ —                                   | \$ 22,394  | \$ (20,266)  | \$ 21,564     | \$ 16,098       |
| Capital Lease Obligations      | 29,002       | —                                      | 5,923      | (3,796)      | 31,129        | 5,971           |
| Notes and Loans Payable        | 173,584      | —                                      | 143,350    | (147,595)    | 169,339       | 82,025          |
| Prizes Payable                 | 199,285      | —                                      | 62,623     | (25,518)     | 236,390       | 11,766          |
| Revenue/Mortgage Bonds Payable | 2,939,852    | (665,105)                              | 364,769    | (232,358)    | 2,407,158     | 69,038          |
| Other                          | 88,743       | (9,228)                                | 13,001     | (14,994)     | 77,522        | 7,812           |
| Total Component Units          | \$ 3,449,902 | \$ (674,333)                           | \$ 612,060 | \$ (444,527) | \$ 2,943,102  | \$ 192,710      |

#### Statement of Net Assets Reconciliation:

|  |              |            |
|--|--------------|------------|
| Current Liabilities                                |              |            |
| Due to Primary Government                          | \$ 3,025     | \$ 3,025   |
| Compensated Absences Payable                       | 16,098       | 16,098     |
| Capital Leases/Installment Purchases Payable       | 5,971        | 5,971      |
| Notes and Loans Payable                            | 81,691       | 81,691     |
| Revenue Bonds Payable                              | 61,828       | 61,828     |
| Grand Prizes Payable                               | 11,766       | 11,766     |
| Other Current Liabilities                          | 5,121        | 5,121      |
| Current Liabilities Payable from Restricted Assets |              |            |
| Revenue Bonds Payable                              | 7,210        | 7,210      |
| Noncurrent Liabilities                             |              |            |
| Compensated Absences Payable                       | 5,466        | —          |
| Capital Leases/Installment Purchases Payable       | 25,158       | —          |
| Notes and Loans Payable                            | 85,311       | —          |
| Revenue/Mortgage Bonds Payable                     | 2,338,120    | —          |
| Grand Prizes Payable                               | 224,624      | —          |
| Advances from Primary Government                   | 16,478       | —          |
| Other Noncurrent Liabilities                       | 55,235       | —          |
| Total Component Units                              | \$ 2,943,102 | \$ 192,710 |



# State of Georgia

## Notes to the Financial Statements For the Fiscal Year Ended June 30, 2007

### Note 12. Long-Term Liabilities (continued)

The Georgia Development Authority reported three long-term notes payable to banks with a combined outstanding balance at June 30, 2007, of \$24.003 million. One note, secured by LIBOR mortgage loans financed through the note, is payable in semi-annual payments of \$385 thousand that includes interest at LIBOR plus one percent, and has an outstanding balance at June 30, 2007, of \$3.462 million. Another note, secured by various fixed rate mortgage loans financed through the note, bears interest at a rate of 6.6 percent per annum, and has an outstanding balance at June 30, 2007, of \$16.741 million. Both loans expire September 30, 2011. The final note, secured by LIBOR mortgage loans financed through the note, is payable in semi-annual payments at a rate of LIBOR plus 1.35 percent, and has an outstanding balance at June 30, 2007, of \$3.8 million. This loan expires July 31, 2018.

Three foundations also reported significant amounts of notes and loans payable as of June 30, 2007. First, the Georgia Tech Foundation, Inc. has two \$30 million revolving lines of credit. As of June 30, 2007, \$44.925 million was outstanding on these lines of credit. Interest is calculated using the 30-day LIBOR rate plus 0.25 percent, which was 5.57% at June 30, 2007. One line of credit expires on June 30, 2008, and the other on December 31, 2008. The Foundation expects to renew both lines of credit upon expiration. The Foundation also has a \$30 million line of credit for the purpose of funding the construction of the Nanotechnology Research Center Building on the Georgia Tech campus. As of June 30, 2007, \$18.801 million was outstanding on the line of credit. Interest on this line of credit is also calculated using the 30-day LIBOR rate plus 0.25%. This line of credit expires on June 30, 2008.

Secondly, the Medical College of Georgia Physicians Practice Group Foundations' Cancer Research Center (CRC) has a loan agreement with the Development Authority of Richmond County (the Authority), whereby the Authority issued bonds and lent the proceeds thereof to

CRC for the purpose of providing funds to finance the cost of the construction of a portion of a cancer research center building on the campus of the Medical College of Georgia. As of June 30, 2007, \$32.22 million was outstanding on the loan payable. The loan agreement provides for semi-annual interest payments at interest rates ranging from 2.5 to 5.0 percent. Principal payments are due annually through December 2034.

Finally, notes and loans payable included a revolving credit agreement for the University of Georgia's Real Estate Foundation which provides for borrowings or letters of credit at the Real Estate Foundation's option. At June 30, 2007, amounts outstanding or issued under this agreement included borrowings of \$10.499 million and letters of credit and bank reserves of \$8.374 million, resulting in \$31.127 million available as borrowing capacity under this line. Borrowings under the revolving credit agreement bear interest at the bank's 30-day LIBOR plus 0.325 percent. At June 30, 2007, the rates applicable to the borrowings were 5.645%.

Revenue/mortgage bonds outstanding at June 30, 2007, consisted primarily of the following: mortgage bonds issued by the Georgia Housing and Finance Authority for financing the purchase of single family mortgage loans for eligible persons and families of low and moderate income within the State of Georgia, and revenue bonds issued by various University System of Georgia foundations totaling \$1.456 billion to fund acquisitions and improvements of properties and facilities. The significant revenue and mortgage bonds outstanding at June 30, 2007, consist of the following (in thousands):

|                       | Georgia Housing<br>and Finance<br>Authority | University<br>System of Georgia<br>Foundations |
|-----------------------|---|--|
| Interest Rates        | 1.10% - 8.00%                               | 2.00% - 6.60%                                  |
| Bonds Outstanding     | \$ 712,046                                  | \$ 1,444,065                                   |
| Unamortized Premium   | 51  | 11,606   |
| Net Bonds Outstanding | <u>\$ 712,097</u>                           | <u>\$ 1,455,671</u>                            |

# State of Georgia

## Notes to the Financial Statements For the Fiscal Year Ended June 30, 2007

### Note 12. Long-Term Liabilities (continued)

Annual debt service requirements to maturity for revenue/mortgage bonds are as follows (in thousands):

| Year   | Georgia Housing and Finance Authority |                   |                     | University System of Georgia Foundations |                     |                     |
|--|---------------------------------------|-------------------|---------------------|--|---------------------|---------------------|
|  | Principal                             | Interest          | Total               | Principal                                | Interest            | Total               |
| 2008   | \$ 22,117                             | \$ 32,756         | \$ 54,873           | \$ 24,831                                | \$ 68,074           | \$ 92,905           |
| 2009   | 37,629                                | 32,619            | 70,248              | 26,755                                   | 67,197              | 93,952              |
| 2010   | 23,236                                | 30,802            | 54,038              | 29,405                                   | 66,103              | 95,508              |
| 2011   | 23,604                                | 29,810            | 53,414              | 30,514                                   | 64,860              | 95,374              |
| 2012   | 28,787                                | 28,780            | 57,567              | 41,025                                   | 63,492              | 104,517             |
| 2013-2017  | 117,841                               | 128,099           | 245,940             | 194,555                                  | 290,573             | 485,128             |
| 2018-2022  | 132,356                               | 98,425            | 230,781             | 246,760                                  | 236,210             | 482,970             |
| 2023-2027  | 122,415                               | 66,921            | 189,336             | 292,775                                  | 170,094             | 462,869             |
| 2028-2032  | 118,430                               | 37,377            | 155,807             | 370,515                                  | 92,384              | 462,899             |
| 2033-2037  | 82,360                                | 10,363            | 92,723              | 179,070                                  | 18,011              | 197,081             |
| 2038-2042  | 3,500                                 | 159               | 3,659               | 7,860                                    |                     | 7,860               |
| Future Accretion -<br>Capital Appreciation Bonds | (178)                                 | 178               | —                   | —  | —                   | —                   |
| Total Revenue/Mortgage Bonds                     | \$ <u>712,097</u>                     | \$ <u>496,289</u> | \$ <u>1,208,386</u> | \$ <u>1,444,065</u>                      | \$ <u>1,136,998</u> | \$ <u>2,581,063</u> |

Various series of bonds under Resolution 1 at the Georgia Housing and Finance Authority include capital appreciation bonds that require no payments of principal or interest until maturity. Capital appreciation bonds accrete to their maturity values at an effective yield of 8.00%.

# State of Georgia

## Notes to the Financial Statements For the Fiscal Year Ended June 30, 2007

### Note 13. Interfund Balances

Due To/From Other Funds at June 30, 2007, consist of the following (in thousands):

|                            | Due To:           |                            |                          |                        |                 |                   |
|----------------------------|-------------------|----------------------------|--------------------------|------------------------|-----------------|-------------------|
|                            | General Fund      | Nonmajor Governmental Fund | Nonmajor Enterprise Fund | Internal Service Funds | Fiduciary Funds | Total Due To      |
| <b>Due From:</b>           |                   |                            |                          |                        |                 |                   |
| General Fund               | \$ —              | \$ 407                     | \$ —                     | \$ 135,237             | \$ —            | \$ 135,644        |
| Nonmajor Governmental Fund | 310,839           | —                          | 8,447                    | 1                      | —               | 319,287           |
| Higher Education Fund      | —                 | —                          | —                        | 47,175                 | —               | 47,175            |
| Internal Service Funds     | 738               | —                          | —                        | 30                     | —               | 768               |
| Fiduciary Funds            | —                 | —                          | —                        | 35                     | 1,373           | 1,408             |
| <b>Total Due From</b>      | <b>\$ 311,577</b> | <b>\$ 407</b>              | <b>\$ 8,447</b>          | <b>\$ 182,478</b>      | <b>\$ 1,373</b> | <b>\$ 504,282</b> |

Interfund receivables and payables result from billings for goods/services provided between funds. All interfund receivables and payables are considered short term in nature.

Interfund transfers at June 30, 2007, consist of the following (in thousands):

|  | Transfers In:      |  |                                  |                             |                              |                    |              | Total<br>Transfers Out |
|--|--------------------|--|----------------------------------|-----------------------------|------------------------------|--------------------|--------------|------------------------|
|  | Governmental Funds |  |                                  | Proprietary Funds           |                              |                    |              |                        |
|  | General<br>Fund    | Georgia State<br>Financing and<br>Investment<br>Commission | Nonmajor<br>Governmental<br>Fund | Higher<br>Education<br>Fund | Internal<br>Service<br>Funds | Fiduciary<br>Funds |              |                        |
| Transfers Out:                                       |                    |  |                                  |                             |                              |                    |              |                        |
| General Fund   | \$ —               | \$ 17,288  | \$ 1,043,990                     | \$ 2,270,147                | \$ 4,500                     | \$ 3,096           | \$ 3,339,021 |                        |
| Georgia State Financing and<br>Investment Commission | 403,216            | —  | 27,683                           | —                           | 25,704                       | —                  | 456,603      |                        |
| Nonmajor Governmental<br>Funds                       | 410,245            | 6,085  | —                                | —                           | —                            | —                  | 416,330      |                        |
| Higher Education Fund                                | 2,373              | —  | —                                | —                           | —                            | —                  | 2,373        |                        |
| Nonmajor Enterprise<br>Funds                         | —                  | —  | 4,408                            | —                           | —                            | —                  | 4,408        |                        |
| Internal Service Funds                               | 1,654              | 8,610  | —                                | —                           | —                            | —                  | 10,264       |                        |
| Fiduciary Funds                                      | —                  | —  | —                                | —                           | —                            | 872,320            | 872,320      |                        |
| Total Transfers In                                   | \$ 817,488         | \$ 31,983  | \$ 1,076,081                     | \$ 2,270,147                | \$ 30,204                    | \$ 875,416         | \$ 5,101,319 |                        |

Transfers are used to move revenues from the fund that statutes require to collect them to the fund that statutes require to expend them and to use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

# State of Georgia

## Notes to the Financial Statements For the Fiscal Year Ended June 30, 2007

### Note 14. Nonmonetary Transactions

#### Primary Government

The Georgia Department of Administrative Services operates the Donation of Federal Surplus Personal Property program for the purpose of distributing surplus properties made available by the General Services Administration to eligible institutions, organizations and agencies. The value of surplus property received and distributed is not reported as revenues and expenses on the combined statement of revenues, expenditures and changes in fund balances, and the inventory on hand at June 30, 2007, is not reported on the combined balance sheet. The changes in Federal surplus personal property inventory during the fiscal year ended June 30, 2007, were as follows (in thousands):

|   |    |        |
|---|----|--------|
| Balance July 1, 2006                        | \$ | 8,040  |
| Additions                                   |    |        |
| Property Received                           |    | 8,963  |
|   | \$ | 17,003 |
| Deductions                                  |    |        |
| Property Donated and<br>Other Distributions |    | 10,140 |
| Balance June 30, 2007                       | \$ | 6,863  |

### Note 15. Contingencies

#### A. Grants and Contracts

Amounts received or receivable from grantor agencies are subject to audit and review by grantor agencies, principally the Federal government. This could result in a request for reimbursement by the grantor agency for any expenditures which are disallowed under grant terms. The State believes that such disallowances, if any, will be immaterial to its overall financial position.

#### B. Litigation

The State is a defendant in various legal proceedings pertaining to matters incidental to the performance of routine governmental operations. The ultimate disposition of these proceedings is not presently determinable. However, the ultimate disposition of these proceedings would not have a material adverse effect on the financial condition of the State, with the following exceptions:

#### Primary Government

A suit has been filed against the Department of Human Resources ("DHR") by a custodial parent receiving child support enforcement services from the Department of Human Resources' Office of Child Support Services ("OCSS"). The plaintiff filed an action seeking class certification on behalf of all custodial parents who have ever received services from OCSS, alleging contractual and tort-based claims for damages based on OCSS's alleged failure to collect statutory interest charges that may have accrued on the plaintiff's child support judgment. DHR was granted summary judgment in its favor, and the case was dismissed. The Plaintiff appealed to the Georgia Court of Appeals and oral arguments were heard on March 8, 2007. On June 29, 2007, the Georgia Court of Appeals issued an opinion affirming the grant of summary judgment to DHR. The Plaintiff/Appellant did not seek a writ of certiorari to the Georgia Supreme Court.

A civil action has been filed against the Teachers' Retirement System of Georgia ("TRS") seeking additional benefits. In April 2004, two retirees filed a civil action in Fulton County Superior Court seeking additional benefits retroactive to the time of their retirement dates for a class of those retirees who elected survivorship options and who retired during the preceding twenty-year period. Plaintiffs allege that TRS did not use updated mortality tables in the calculation of their benefits. The Superior Court granted summary judgment for TRS; however, the judgment was reversed on appeal by the Georgia Supreme Court in October 2006. The case was remanded back to the trial court to determine liability to plaintiffs and whether any part of their claim was barred by applicable statute of limitations.

The case has been transferred to the Fulton County Superior Court's Business Case Division (the Court) for resolution. The ultimate liability to TRS is impacted by certain variables that are uncertain until the final decision by the Court, most notably the applicable statute of limitations and any applicable interest rates on such liability. TRS anticipates a decision from the Court early in calendar year 2008. Due to the uncertainty surrounding the variables that will be used to calculate the ultimate liability, management cannot reasonably estimate all of the potential possible outcomes. TRS management has recorded an estimate of the potential liability of approximately \$100 million using a six-year statute of limitation ruling and the interest rates used during that time period. This amount is recorded in accounts payable and other accruals in the accompanying statement of fiduciary net assets as of June 30, 2007. Although the ultimate liability may significantly exceed the amount recorded, management believes that it will not have material adverse effect on the financial statements.

# State of Georgia

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## Notes to the Financial Statements For the Fiscal Year Ended June 30, 2007

### Note 15. Contingencies (continued)

In a related case, in January 2007, multiple retirees filed a civil action against the Employees' Retirement System of Georgia ("ERS") in Fulton County Superior Court which set forth exactly the same issues as were presented in the TRS case described above. This case will be heard after the TRS case has concluded, the parties having agreed that the TRS rulings will apply in this case as well. The ultimate potential liability is impacted by certain variables that are uncertain until the final decision by the Court, most notably the applicable statute of limitations and any applicable interest rates on such liability. As such, management cannot reasonably estimate the potential possible outcomes and therefore has not recorded a liability on the statement of fiduciary net assets. Although the ultimate liability cannot be estimated at this time, management believes that it will not have material adverse effect on the financial statements.

A suit has been filed against the State of Georgia in a challenge to the State's system of funding public education. The suit, brought predominantly by rural school districts, claims funding is inadequate as a matter of law and violates the equal protection clause of the Georgia Constitution. Plaintiffs seek to enjoin the current funding system and do not seek damages. If the plaintiffs' theories prevail, the cost to the State would be significant. However, the State believes substantially the same issues have already been settled favorably in a previous suit and is contesting the claims vigorously. The matter is currently in discovery following the granting in part of a motion to dismiss by the State Defendants. The Defendants anticipate that discovery will take at least six more months followed by a motion for summary judgment or trial on the merits.

A suit was filed in July 2007 against the Department of Revenue asserting a claim for the Port Tax Credit. The plaintiff asserts that its increase in imports through Georgia ports during the tax years 2002 through 2004 inclusive qualifies the plaintiff to receive a credit-based income tax refund. The total credit claimed is in excess of \$50 million, although the amount of refund for each taxable year is capped with excess credits carrying forward to subsequent tax years. The State has answered the complaint asserting that the plaintiff does not satisfy the statutory requirements to qualify for the credit. The case is in discovery period. At this time the likelihood of an unfavorable outcome is difficult to determine, but not worse than fifty percent.

A suit was filed in Fulton County Superior Court in September 2007, against the Department of Revenue, seeking a sales tax refund of \$10 million. It involves a legal issue decided in the Department's favor in a previous case which was filed December 2, 2005 to obtain a \$2 million refund. The plaintiff has filed an application for discretionary appeal with the Georgia Court of Appeals from the adverse decision in the first lawsuit. No action is being taken in the second case until the Court of Appeals rules. Because the Court of Appeals denied an application for discretionary appeal filed in a similar case by a different taxpayer, we anticipate that Plaintiff's application will also be denied. However, if the plaintiff's application is granted, the Department will vigorously defend the appeal.

A suit has been filed against the Department of Transportation ("DOT") by a plaintiff alleging breach of contract and seeking damages relating to several road projects. The contract actions involve three similar lawsuits in Turner County, Fulton County, and the United States District Court for the Southern District. The plaintiff seeks approximately \$80 million in damages in the combined cases. In the Turner County case, there are hearings scheduled in early January 2008, relating to several pending motions. It is anticipated that the judge may grant the plaintiff some portion of the \$1.5 million in attorney fees requested. There is no trial date set for this case. In the Fulton County case, DOT filed a counterclaim for breach of contract due to improper work. The court dismissed the plaintiff's claims on summary judgment and the ruling was affirmed on appeal. In the Southern District case, an appeal has been filed to the 11<sup>th</sup> Circuit relating to the plaintiff's 1983 claims and the qualified immunity issue. The district court case is stayed pending the outcome of the appeal.

### C. Guaranteed Loans

#### Component Units

The Federal Government, through the Guaranteed Student Loan Programs of the U. S. Department of Education, fully reinsured loans guaranteed through September 30, 1993, until the State's rate of annual losses (defaults) exceeded five percent (5%). In the event of future adverse loss experience, the State could be liable for up to (1) twenty percent (20%) of the outstanding balance of loans in repayment status at the beginning of each year which were disbursed prior to October 1, 1993, and (2) twenty-two percent (22%) of the outstanding balance of loans in repayment status at the beginning of each year which were disbursed on or after October 1, 1993.

# State of Georgia

## Notes to the Financial Statements For the Fiscal Year Ended June 30, 2007

### Note 16. Subsequent Events

#### Primary Government

##### *General Obligation Bonds Issued*

The State issued General Obligation Bonds in the amount of \$599.79 million on August 1, 2007, (Series 2007D and 2007E) and in the amount of \$341.02 million on December 1, 2007 (Series 2007F and 2007G). Proceeds of the bonds will be used to finance various capital acquisitions.

##### *Revenue Bonds*

Subsequent to June 30, 2007, the Board of the State Road and Tollway Authority approved a resolution requesting approval from the Georgia State Financing and Investment Commission to issue up to \$600 million of additional Grant Anticipation Revenue Bonds.

#### Component Units

The Georgia Housing and Finance Authority issued \$60 million of Single Family Mortgage Bonds (2007 Series C) during August 2007. The Bonds constitute general obligations of the Authority payable out of any of the Authority's revenues, moneys, or assets legally available.

### Note 17. Retirement Systems

The State's significant retirement systems are described below:

#### *Employees' Retirement System of Georgia*

##### **Plan Description**

Employees' Retirement System of Georgia ("ERS") is a single-employer, defined benefit pension plan established by the Georgia General Assembly during the 1949 Legislative Session for the purpose of providing retirement allowances for employees of the State of Georgia and its political subdivisions. ERS is directed by a Board of Trustees and has the powers and privileges of a corporation. ERS issues a publicly available financial report that includes the applicable financial statements and required supplementary information. The report may be obtained at the ERS offices.

On November 20, 1997, the Board created the Supplemental Retirement Benefit Plan ("SRBP") of ERS. SRBP was established as a qualified governmental excess benefit plan in accordance with Section 415 of the Internal Revenue Code ("IRC") as a portion of ERS. The purpose of the SRBP is to provide retirement benefits to employees covered by ERS whose benefits are otherwise limited by IRC Section 415. Beginning January 1, 1998, all members

and retired former members in ERS are eligible to participate in the SRBP whenever their benefits under ERS exceed the limitation on benefits imposed by IRC Section 415.

Each plan, including benefit and contribution provisions, was established and can be amended by State law.

##### **Benefits**

The benefit structure of ERS was significantly modified on July 1, 1982. Unless the employee elects otherwise, an employee who currently maintains membership with ERS based upon State employment that started prior to July 1, 1982, is an "old plan" member subject to the plan provisions in effect prior to July 1, 1982. All other members are "new plan" members subject to the modified plan provisions.

Under both the old and new plans, a member may retire and receive normal retirement benefits after completion of ten (10) years of creditable service and attainment of age sixty (60) or thirty (30) years of creditable service regardless of age. Additionally, there are some provisions allowing for early retirement after twenty-five (25) years of creditable service for members under age sixty (60).

Retirement benefits paid to members are based upon the monthly average of the member's highest twenty-four (24) consecutive calendar months, multiplied by the number of years of creditable service, multiplied by the applicable benefit factor. Annually, post-retirement cost-of-living adjustments are also made to members' benefits. The normal retirement pension is payable monthly for life; however, options are available for distribution of the member's monthly pension, at reduced rates, to a designated beneficiary upon the member's death. Death and disability benefits are also available through ERS.

##### **Summary of Significant Accounting Policies**

The financial statements are prepared on the accrual basis of accounting. Contributions from the employer and members are recognized as additions in the period in which the members provide services. Retirement and refund payments are recognized as deductions when due and payable. Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price. No investment in any one organization except the U. S. Government represents five percent (5%) or more of the net assets available for pension benefits.

##### **Funding Policy**

Member contributions under the old plan are four percent (4%) of annual compensation up to \$4,200 plus six percent

# State of Georgia

## Notes to the Financial Statements For the Fiscal Year Ended June 30, 2007

### Note 17. Retirement Systems (continued)

(6%) of annual compensation in excess of \$4,200. Under the old plan, the State pays member contributions in excess of one and one-quarter percent (1.25%) of annual compensation. Under the old plan, these State contributions are included in the members' accounts for refund purposes and are used in the computation of the members' earnable compensation for the purpose of computing retirement benefits. Member contributions under the new plan are one and one-quarter percent (1.25%) of annual compensation. The State is required to contribute at a specified percentage of active member payroll determined annually by actuarial valuation. The State contributions are not at any time refundable to the member or his/her beneficiary.

#### Annual Pension Cost

The required contribution for 2007 was determined as part of the June 30, 2004, actuarial valuation using the entry age actuarial cost method. The latest actuarial valuation was prepared as of June 30, 2006. The actuarial assumptions included (a) seven and one-half percent (7.50%) investment rate of return, (b) projected salary increases of five and forty-five one-hundredths percent (5.45%) to nine and one-quarter percent (9.25%) per year, and (c) an inflation rate of three and three-quarters percent (3.75%) per year.

The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a seven-year period. ERS' actuarial funding excess is being amortized as a level percentage of projected payroll on an open basis. The employer contributions are projected to liquidate the unfunded actuarial liability over ten (10) years based upon the actuarial valuation at June 30, 2006, on the assumption that the total payroll of active members will increase by three and three-quarters percent (3.75%) each year.

#### Three-Year Trend Information for ERS (in thousands):

| Fiscal<br>Year Ended<br>June 30 | Annual<br>Pension<br>Cost (APC) | Percentage<br>of APC<br>Contributed | Net<br>Pension<br>Obligation |
|---------------------------------|---------------------------------|-------------------------------------|------------------------------|
| 2004                            | 245,388                         | 100%                                | 0                            |
| 2005                            | 243,074                         | 100%                                | 0                            |
| 2006                            | 258,482                         | 100%                                | 0                            |

### *Regents Retirement Plan*

#### Plan Description

The Regents Retirement Plan, a single-employer defined contribution plan, is an optional retirement plan established by the General Assembly of Georgia and administered by the Board of Regents of the University System of Georgia (Proprietary Fund – Higher Education), under which an eligible faculty member or principal administrator may purchase annuity contracts for the purpose of receiving retirement and death benefits. The four (4) approved vendors (AIG-VALIC, American Century, Fidelity, and TIAA-CREF) have separately issued financial reports, which may be obtained through their respective corporate offices.

#### Benefits

Benefits depend solely on amounts contributed to the plan plus investment earnings. Benefits are payable to participating employees or their beneficiaries in accordance with the terms of the annuity contracts.

#### Funding Policy

The University System of Georgia makes monthly employer contributions for the Regents Retirement Plan at rates adopted by the Teachers Retirement System of Georgia Board of Trustees in accordance with State statute and as advised by their independent actuary. For fiscal year 2007, the employer contribution was nine and sixty-six one-hundredths percent (9.66%) for the first six months and eight and thirteen one-hundredths percent (8.13%) for the last six months of the participating employee's earnable compensation. Employees contribute five percent (5%) of their earnable compensation. Amounts attributable to all plan contributions are fully vested and non-forfeitable at all times. In 2007, employer and employee contributions were \$66.199 million (9.66% or 8.13%) and \$37.233 million (5%), respectively.

### *Teachers' Retirement System of Georgia*

#### Plan Description

The Teachers' Retirement System of Georgia ("TRS") is a cost-sharing multiple-employer plan created in 1943 by an act of the Georgia General Assembly to provide retirement benefits for qualifying employees in educational service. A Board of Trustees comprised of active and retired members and ex-officio State employees is ultimately responsible for the administration of TRS. TRS issues a publicly available financial report that includes the applicable financial statements and required supplementary information. The report may be obtained at the TRS offices.

# State of Georgia

## Notes to the Financial Statements For the Fiscal Year Ended June 30, 2007

### Note 17. Retirement Systems (continued)

On October 25, 1996, the Board created the Supplemental Retirement Benefit Plan of the Georgia Teachers ("SRBP"). SRBP was established as a qualified governmental excess benefit plan in accordance with Section 415 of the Internal Revenue Code ("IRC") as a portion of TRS. The purpose of SRBP is to provide retirement benefits to employees covered by TRS whose benefits are otherwise limited by IRC Section 415. Beginning July 1, 1997, all members and retired former members in TRS are eligible to participate in the SRBP whenever their benefits under TRS exceed the IRC Section 415 imposed limitation on benefits.

#### Benefits

TRS provides service retirement, disability retirement, and survivor's benefits. The authority to establish and amend the provisions of TRS is assigned to the State Legislature. A member is eligible for normal service retirement after thirty (30) years of creditable service, regardless of age, or after ten (10) years of service and attainment of age sixty (60). A member is eligible for early retirement after twenty-five (25) years of creditable service.

Normal retirement (pension) benefits paid to members are equal to two percent (2%) of the average of the member's two (2) highest paid consecutive years of service, multiplied by the number of years of creditable service up to forty (40) years. Early retirement benefits are reduced by the lesser of one-twelfth (1/12) of seven percent (7%) for each month the member is below age sixty (60), or by seven percent (7%) for each year or fraction thereof by which the member has less than thirty (30) years of service. It is also assumed that certain cost-of-living adjustments, based on the Consumer Price Index, will be made in future years. Retirement benefits are payable monthly for life. Death, disability and spousal benefits are also available.

#### Summary of Significant Accounting Policies

The financial statements of TRS are prepared on the accrual basis of accounting. Contributions from the employers and members are recognized as additions when due, pursuant to formal commitments, as well as statutory or contractual requirements. Retirement and refund payments are recognized as deductions when due and payable. Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price. No

investment in any one organization, except the U. S. Government, represents five percent (5%) or more of the net assets available for pension benefits.

#### Funding Policy

TRS is funded by member and employer contributions as adopted and amended by the Board of Trustees. Member contributions are five percent (5%) of annual salary, and employer contributions are nine and twenty-eight one-hundredths percent (9.28%), as required by the June 30, 2004, actuarial valuation. The State's contributions to TRS for the years ending June 30, 2007, 2006, and 2005 were \$134.510 million, \$128.265 million, and \$123.865 million, respectively, and were equal to the required contributions for each year.

### Note 18. Postemployment Benefits

#### *Georgia Retiree Health Benefit Fund*

At June 30, 2007, in accordance with State law, the Georgia Retiree Health Benefit Fund provided only for the employer costs associated with postemployment health insurance benefits. Beginning July 1, 2007 (State fiscal year 2008), the Fund will also include retiree contributions and will report all expenses associated with the provision of postemployment health insurance benefits.

#### Plan Description

Georgia Retiree Health Benefit Fund ("GRHBF") is a cost-sharing multiple-employer defined benefit postemployment healthcare plan that covers retired employees of the State including all departments, agencies and local school systems. GRHBF provides health insurance benefits to eligible retirees and their qualified beneficiaries. Pursuant to Title 45, Chapter 18 of the OCGA, the authority to establish and amend the benefit provisions of the plan is assigned to the Board of Community Health.

Membership of the plan consisted of the following at June 30, 2007:

|  |                |
|--|----------------|
| Retirees and beneficiaries receiving benefits                      | 84,319         |
| Terminated plan members entitled to but not yet receiving benefits | 491            |
| Active plan members  | 253,630        |
| Total membership   | <u>338,440</u> |
| Number of participating employers                                  | <u>258</u>     |



# State of Georgia

## Notes to the Financial Statements For the Fiscal Year Ended June 30, 2007

### Note 18. Postemployment Benefits (continued)

#### Summary of Significant Accounting Policies

The financial statements of GRHBF are prepared using the accrual basis of accounting. Employer contributions are recognized in the period in which they are due. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

#### Funding Policy

The various agencies, departments and local governments of the State contribute to the fund based upon amounts recommended by the Board and set forth in the Appropriations Act. The plan is currently funded on a "pay-as-you-go" basis.

#### *State Employees' Assurance Department – OPEB*

#### Plan Description

State Employees' Assurance Department – OPEB ("SEAD-OPEB") is a single-employer defined benefit postemployment plan that was created in fiscal year 2007 by the Georgia General Assembly to provide term life insurance to retired and vested inactive members of Employees', Judicial, and Legislative Retirement Systems. Pursuant to Title 47 of the OCGA, the authority to establish and amend the benefit provisions of the plan is assigned to the Boards of Trustees of the Employees' and Judicial Retirement Systems.

Membership of the plan consisted of the following at June 30, 2006, the date of the latest actuarial valuation:

|   |         |
|---|---------|
| Retirees and beneficiaries receiving benefits       |         |
| Service retirements                                 | 22,653  |
| Disability retirements                              | 4,501   |
| Total retirees and beneficiaries receiving benefits | 27,154  |
| Active plan members                                 | 74,647  |
| Total membership                                    | 101,801 |

#### Summary of Significant Accounting Policies

The financial statements of SEAD-OPEB are prepared using the accrual basis of accounting. Contributions from employers and members are recognized in the period in which they are due. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

#### Funding Policy

Contributions by plan members are established by statute. The Boards of Trustees of the Employees' and Judicial Retirement Systems establish employer contribution rates, such rates which, when added to members' contributions, shall not exceed one percent of earnable compensation. For the fiscal year ended June 30, 2007, contributions of ERS "old plan" members were one-half of one percent of earnable compensation, one-quarter of one percent of which was paid by the employer. Contributions of ERS "new plan" members and of members of the Judicial and Legislative Retirement Systems were one-quarter of one percent of earnable compensation. There were no required employer contributions for the fiscal year ended June 30, 2007.

# State of Georgia

## Notes to the Financial Statements For the Fiscal Year Ended June 30, 2007

### Note 18. Postemployment Benefits (continued)

#### *Funded Status and Funding Progress – OPEB Plans* (in thousands)

| <b>Actuarial<br/>Valuation<br/>Date</b> | <b>Actuarial<br/>Value of<br/>Assets<br/>(a)</b> | <b>Actuarial<br/>Accrued<br/>Liability<br/>(AAL) -<br/>Projected<br/>Unit Credit<br/>(b)</b> | <b>Unfunded<br/>AAL<br/>(UAAL)<br/>(b - a)</b> | <b>Funded<br/>Ratio<br/>(a / b)</b> | <b>Covered<br/>Payroll<br/>(c)</b> | <b>UAAL as a<br/>Percentage of<br/>Covered<br/>Payroll<br/>((b - a) / c)</b> |
|---|--|--|--|-------------------------------------|------------------------------------|--|
| <b>GRHBF</b>                            |  |  |  |                                     |                                    |  |
| 06/30/2005                              | \$ 0   | \$ 15,035,227  | \$ 15,035,227                                  | 0.0%                                | \$ 11,613,237                      | 129.5%   |
| <b>SEAD-OPEB</b>                        |  |  |  |                                     |                                    |  |
| 06/30/2006                              | \$ 0   | \$ 568,476   | \$ 568,476                                     | 0.0%                                | \$ 2,667,159                       | 21.3%  |

Note: The allocation and transfer of assets to the plans took place subsequent to the respective actuarial valuation dates.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedules of funding progress, presented as Required Supplementary Information following the Notes to the Financial Statements, present trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

The accompanying schedules of employer contributions present information about the amounts contributed to the plan by employers in comparison to the ARC, an amount that is actuarially determined in accordance with the

parameters of GASB Statement 43. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost for each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. Additional information as of the latest actuarial valuation follows:

# State of Georgia

## Notes to the Financial Statements For the Fiscal Year Ended June 30, 2007

### Note 18. Postemployment Benefits (continued)

|                               | GRHBF                             | SEAD-OPEB                     |
|-------------------------------|-----------------------------------|-------------------------------|
| Valuation date                | June 30, 2005                     | June 30, 2006                 |
| Actuarial cost method         | Projected Unit Credit             | Projected Unit Credit         |
| Amortization method           | Level percentage of pay, open     | Level percentage of pay, open |
| Remaining amortization period | 30 years                          | 30 years                      |
| Asset valuation method        | Market Value                      | Market Value                  |
| Actuarial assumptions:        |                                   |                               |
| Investment rate of return     | 6.00%*                            | 7.50%                         |
| Healthcare cost trend rate    | 10.00% initial*<br>5.50% ultimate |                               |

\* Includes an inflation assumption of 3.75%

### ***Board of Regents***

Pursuant to the general powers conferred by OCGA Section 20-3-31, the Board of Regents of the University System of Georgia (college and university fund) has established group health and life insurance programs for regular employees of the University System. It is the policy of the Board of Regents to permit employees of the University System eligible for retirement or that become permanently and totally disabled to continue as members of the group health and life insurance programs. The policies of the Board of Regents of the University System of Georgia define and delineate who is eligible for these post-employment health and life insurance benefits. Organizational units of the Board of Regents of the University System pay the employer portion for health insurance for affected individuals. With regard to life insurance, the employer covers the total cost for \$25,000 of basic life insurance. If an individual elects to have supplemental and/or dependent life insurance coverage, such costs are borne entirely by the employee.

As of June 30, 2007, there were 12,909 employees who had retired or were disabled that were receiving these post-employment health and life insurance benefits. For the year ended June 30, 2007, the University System of Georgia recognized \$58.606 million of expenditures, which was net of \$21.264 million of participant contributions.

In anticipation of the establishment of an OPEB trust fund beginning July 1, 2007 (State fiscal year 2008), the Board of Regents has received from its actuary a report of the unfunded actuarial accrued liability and annual required contributions. Results measured as of July 1, 2007, indicate an actuarial accrued liability of \$2.5 billion and an actuarially determined annual required contribution of \$273.5 million.

# State of Georgia

## Notes to the Financial Statements For the Fiscal Year Ended June 30, 2007

### Note 19. Fund Balances/Net Assets

#### *General Fund Reserves*

General Fund reserves for Other Specific Purposes are legally or externally restricted for the following programs/projects (in thousands):

|   |    |                |
|---|----|----------------|
| Natural Resources                         | \$ | 49,896         |
| Health and Welfare                        |    | 45,105         |
| Public Safety                             |    | 35,563         |
| General Government                        |    | 17,709         |
| Economic Development                      |    | 7,099          |
| Transportation                            |    | 5,194          |
| Education                                 |    | 4,836          |
| Judicial                                  |    | 4,583          |
| Total Reserve for Other Specific Purposes | \$ | <u>169,985</u> |

#### *Deficit Fund Balances/Net Assets*

The following organizations/funds had deficit balances at June 30, 2007.

##### **Primary Government**

##### *Internal Service Funds*

*Agency for Removal of Hazardous Materials* – At June 30, 2007, the agency had an unrestricted net assets deficit of \$188 thousand, and a total net assets deficit of \$182 thousand.

*State Indemnification Fund (Risk Management)* – At June 30, 2007, the fund had an unrestricted net assets deficit (total net assets deficit) of \$361 thousand.

##### **Component Units**

*Georgia Agricultural Exposition Authority* – At June 30, 2007, the Authority had an unrestricted net assets deficit of \$169 thousand.

*Georgia Lottery Corporation* – At June 30, 2007, the Corporation had an unrestricted net assets deficit of \$4.716 million.

*North Georgia Mountains Authority* – At June 30, 2007, the Authority had an unrestricted net assets deficit of \$9.741 million, and a total net assets deficit of \$713 thousand.

*Georgia Southern University Housing Foundation, Incorporated* – At June 30, 2007, the Foundation had an unrestricted net assets deficit of \$227 thousand.

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## REQUIRED SUPPLEMENTARY INFORMATION

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# State of Georgia

## Required Supplementary Information For the Fiscal Year Ended June 30, 2007

### Employees' Retirement System of Georgia (Pension)

#### *Schedule of Funding Progress*

(dollars in thousands)

| Actuarial<br>Valuation<br>Date | Actuarial<br>Value of<br>Plan Assets<br>(a) | Actuarial<br>Accrued<br>Liability<br>("AAL") -<br>Entry Age<br>(b) | Unfunded<br>AAL/(Funding<br>Excess)<br>(b-a) | Funded<br>Ratio<br>(a/b) | Annual<br>Covered<br>Payroll<br>(c) | Unfunded<br>AAL/(Funding<br>Excess) as a<br>Percentage of<br>Covered Payroll<br>[(b-a) / c] |
|--------------------------------|---|--|--|--------------------------|-------------------------------------|---|
| 6/30/04                        | \$ 12,797,389                               | \$ 13,106,648  | \$ 309,259                                   | 97.6%                    | \$ 2,445,619                        | 12.6%   |
| 6/30/05                        | 13,134,472                                  | 13,512,773   | 378,301                                      | 97.2%                    | 2,514,430                           | 15.0%   |
| 6/30/06                        | 13,461,132                                  | 14,242,845   | 781,713                                      | 94.5%                    | 2,630,167                           | 29.7%   |

### Georgia Retiree Health Benefit Fund (OPEB)

#### *Schedule of Funding Progress*

(dollars in thousands)

| Actuarial<br>Valuation<br>Date | Actuarial<br>Value of<br>Plan Assets<br>(a) | Actuarial<br>Accrued<br>Liability<br>("AAL") -<br>Projected<br>Unit Credit<br>(b) | Unfunded<br>AAL/(Funding<br>Excess)<br>(b-a) | Funded<br>Ratio<br>(a/b) | Annual<br>Covered<br>Payroll<br>(c) | Unfunded<br>AAL/(Funding<br>Excess) as a<br>Percentage of<br>Covered Payroll<br>[(b-a) / c] |
|--------------------------------|---|---|--|--------------------------|-------------------------------------|---|
| 6/30/03                        | \$ 0  | \$ 16,630,000   | \$ 16,630,000                                | 0.0%                     | \$ 11,515,000                       | 144.4%  |
| 6/30/04                        | 0   | 17,974,145  | 17,974,145                                   | 0.0%                     | 11,327,850                          | 158.7%  |
| 6/30/05 *                      | 0   | 15,035,227  | 15,035,227                                   | 0.0%                     | 11,613,237                          | 129.5%  |

\* Assumptions were changed due to experience study.

Note: The allocation and transfer of assets to the Plan took place subsequent to the June 30, 2005, actuarial valuation.

#### *Schedule of Employer Contributions*

(dollars in thousands)

| Year<br>Ended<br>June 30 | Actuarial<br>Annual<br>Required<br>Contribution | Percentage<br>Contributed |
|--------------------------|---|---------------------------|
| 2007                     | \$ 1,583,008                                    | 26.7%                     |

# State of Georgia

## Required Supplementary Information For the Fiscal Year Ended June 30, 2007

### State Employees' Assurance Department – OPEB

#### *Schedule of Funding Progress*

(dollars in thousands)

| Actuarial<br>Valuation<br>Date | Actuarial<br>Value of<br>Plan Assets<br>(a) | Actuarial<br>Accrued<br>Liability<br>("AAL") -<br>Projected<br>Unit Credit<br>(b) | Unfunded<br>AAL/(Funding<br>Excess)<br>(b-a) | Funded<br>Ratio<br>(a/b) | Annual<br>Covered<br>Payroll<br>(c) | Unfunded<br>AAL/(Funding<br>Excess) as a<br>Percentage of<br>Covered Payroll<br>[(b-a) / c] |
|--------------------------------|---|---|--|--------------------------|-------------------------------------|---|
| 6/30/06                        | \$ 0  | \$ 568,476  | \$ 568,476                                   | 0.0%                     | \$ 2,667,159                        | 21.3%   |

Note: The allocation and transfer of assets to the Plan took place subsequent to the June 30, 2006, actuarial valuation.

#### *Schedule of Employer Contributions*

(dollars in thousands)

| Year<br>Ended<br>June 30 | Actuarial<br>Annual<br>Required<br>Contribution | Percentage<br>Contributed |
|--------------------------|---|---------------------------|
| 2007                     | \$ 0  | n/a                       |



# State of Georgia

## Required Supplementary Information Budgetary Comparison Schedule Budget Fund For the Fiscal Year Ended June 30, 2007 (expressed in thousands)

|  | Budgeted Amounts |               |                | Variance            |
|--|------------------|---------------|----------------|---------------------|
|  | Original         | Final         | Actual Amounts | Positive (Negative) |
| <b>Funds Available (Inflows)</b>                         |                  |               |                |                     |
| Revenues   |                  |               |                |                     |
| State Appropriation                                      |                  |               |                |                     |
| State General Funds                                      | \$ 16,830,724    | \$ 17,334,929 | \$ 17,334,879  | \$ (50)             |
| Brain and Spinal Injury Trust Fund                       | 3,008            | 3,008         | 3,008          | 0                   |
| Lottery Funds  | 841,555          | 841,555       | 797,374        | (44,181)            |
| State Motor Fuel Funds                                   | 801,759          | 863,841       | 863,841        | 0                   |
| Tobacco Settlement Funds                                 | 177,518          | 167,512       | 167,512        | 0                   |
| Federal Funds  |                  |               |                |                     |
| Child Care and Development Block Grant                   | 53,817           | 83,097        | 77,629         | (5,468)             |
| Community Mental Health Services Block Grant             | 12,840           | 23,259        | 17,015         | (6,244)             |
| Community Services Block Grant                           | 17,189           | 17,309        | 20,096         | 2,787               |
| Federal Transit - Capital Investment Grants              | 1,100,000        | 1,100,000     | 1,667,189      | 567,189             |
| Foster Care Title IV-E                                   | 12,858           | 12,858        | 1,856          | (11,002)            |
| Highway Planning and Construction                        | 49,193           | 32,060        | 47,450         | 15,390              |
| Low-Income Home Energy Assistance                        | 18,930           | 24,068        | 22,018         | (2,050)             |
| Maternal and Child Health Services Block Grant           | 17,348           | 20,645        | 21,811         | 1,166               |
| Medical Assistance Program                               | 4,931,810        | 5,958,908     | 4,770,906      | (1,188,002)         |
| Prevention and Treatment of Substance Abuse Block Grant  | 50,961           | 66,015        | 50,742         | (15,273)            |
| Preventive Health and Health Services Block Grant        | 4,204            | 4,776         | 3,180          | (1,596)             |
| Social Services Block Grant                              | 50,485           | 88,202        | 90,780         | 2,578               |
| State Children's Insurance Program                       | 190,657          | 314,566       | 303,889        | (10,677)            |
| Temporary Assistance for Needy Families                  | 505,523          | 546,016       | 344,246        | (201,770)           |
| Federal Funds Not Itemized                               | 2,395,657        | 3,991,107     | 3,194,162      | (796,945)           |
| Other Funds  | 6,509,146        | 11,455,314    | 9,073,603      | (2,381,711)         |
| Total Revenues   | \$ 34,575,182    | \$ 42,949,045 | \$ 38,873,186  | \$ (4,075,859)      |
| Prior Year Reserves Available for Expenditure            | —                | —             | 1,695,911      | 1,695,911           |
| Total Funds Available                                    | \$ 34,575,182    | \$ 42,949,045 | \$ 40,569,097  | \$ (2,379,948)      |
| <b>Expenditures (outflows)</b>                           |                  |               |                |                     |
| <b>Section 1: Georgia Senate</b>                         |                  |               |                |                     |
| Lieutenant Governor's Office                             | \$ 838           | \$ 839        | \$ 836         | \$ 3                |
| Secretary of the Senate's Office                         | 1,199            | 1,379         | 1,021          | 358                 |
| Senate   | 6,739            | 7,427         | 6,795          | 632                 |
| Senate Budget and Evaluation Office                      | 1,003            | 1,057         | 867            | 190                 |
| Total Georgia Senate                                     | \$ 9,779         | \$ 10,702     | \$ 9,519       | \$ 1,183            |
| <b>Section 2: Georgia House of Representatives</b>       |                  |               |                |                     |
| Georgia House of Representatives                         | \$ 17,492        | \$ 18,716     | \$ 16,876      | \$ 1,840            |
| <b>Section 3: Georgia General Assembly Joint Offices</b> |                  |               |                |                     |
| Ancillary Activities                                     | \$ 3,833         | \$ 4,781      | \$ 4,462       | \$ 319              |
| Legislative Fiscal Office                                | 2,364            | 2,380         | 2,300          | 80                  |
| Office of Legislative Counsel                            | 2,881            | 2,880         | 2,576          | 304                 |
| Total Georgia General Assembly Joint Offices             | \$ 9,078         | \$ 10,041     | \$ 9,338       | \$ 703              |
| <b>Section 4: Audits and Accounts, Department of</b>     |                  |               |                |                     |
| Administration   | \$ 1,603         | \$ 1,603      | \$ 1,564       | \$ 39               |
| Audit and Assurance Services                             | 28,054           | 28,054        | 27,656         | 398                 |
| Legislative Services                                     | 113              | 113           | 106            | 7                   |
| Statewide Equalized Adjusted Property Tax Digest         | 2,158            | 2,158         | 2,087          | 71                  |
| Total Audits and Accounts, Department of                 | \$ 31,928        | \$ 31,928     | \$ 31,413      | \$ 515              |

# State of Georgia

## Required Supplementary Information Budgetary Comparison Schedule Budget Fund For the Fiscal Year Ended June 30, 2007 (expressed in thousands)

|  | Budgeted Amounts  |                   | Actual Amounts    | Variance<br>Positive (Negative) |
|--|-------------------|-------------------|-------------------|---------------------------------|
|  | Original          | Final             |                   |                                 |
| <b>Section 5: Appeals, Court of</b>                          |                   |                   |                   |                                 |
| Court of Appeals   | \$ 12,841         | \$ 13,257         | \$ 13,257         | \$ 0                            |
| <b>Section 6: Judicial Council</b>                           |                   |                   |                   |                                 |
| Appellate Resource Center                                    | \$ 800            | \$ 800            | \$ 800            | \$ 0                            |
| Georgia Office of Dispute Resolution                         | 366               | 556               | 371               | 185                             |
| Institute of Continuing Judicial Education                   | 1,126             | 1,381             | 1,331             | 50                              |
| Judicial Council   | 10,913            | 13,432            | 12,960            | 472                             |
| Judicial Qualifications Commission                           | 260               | 265               | 265               | 0                               |
| <b>Total Judicial Council</b>                                | <b>\$ 13,465</b>  | <b>\$ 16,434</b>  | <b>\$ 15,727</b>  | <b>\$ 707</b>                   |
| <b>Section 7: Juvenile Courts</b>                            |                   |                   |                   |                                 |
| Council of Juvenile Court Judges                             | \$ 1,539          | \$ 2,500          | \$ 2,053          | \$ 447                          |
| Grants to Counties for Juvenile Court Judges                 | 4,911             | 4,922             | 4,889             | 33                              |
| <b>Total Juvenile Courts</b>                                 | <b>\$ 6,450</b>   | <b>\$ 7,422</b>   | <b>\$ 6,942</b>   | <b>\$ 480</b>                   |
| <b>Section 8: Prosecuting Attorneys</b>                      |                   |                   |                   |                                 |
| District Attorneys   | \$ 47,988         | \$ 56,267         | \$ 56,308         | \$ (41)                         |
| Prosecuting Attorney's Council                               | 5,108             | 5,676             | 5,673             | 3                               |
| <b>Total Prosecuting Attorneys</b>                           | <b>\$ 53,096</b>  | <b>\$ 61,943</b>  | <b>\$ 61,981</b>  | <b>\$ (38)</b>                  |
| <b>Section 9: Public Defender Standards Council, Georgia</b> |                   |                   |                   |                                 |
| Public Defender Standards Council                            | \$ 11,167         | \$ 11,167         | \$ 12,415         | \$ (1,248)                      |
| Public Defenders   | 18,638            | 27,147            | 54,694            | (27,547)                        |
| <b>Total Public Defender Standards Council, Georgia</b>      | <b>\$ 29,805</b>  | <b>\$ 38,314</b>  | <b>\$ 67,109</b>  | <b>\$ (28,795)</b>              |
| <b>Section 10: Superior Courts</b>                           |                   |                   |                   |                                 |
| Council of Superior Court Clerks                             | \$ 243            | \$ 243            | \$ 243            | \$ 0                            |
| Council of Superior Court Judges                             | 972               | 999               | 999               | 0                               |
| Judicial Administrative Districts                            | 2,185             | 2,243             | 2,243             | 0                               |
| Superior Court Judges  | 50,109            | 50,817            | 50,805            | 12                              |
| <b>Total Superior Courts</b>                                 | <b>\$ 53,509</b>  | <b>\$ 54,302</b>  | <b>\$ 54,290</b>  | <b>\$ 12</b>                    |
| <b>Section 11: Supreme Court</b>                             |                   |                   |                   |                                 |
| Supreme Court of Georgia                                     | \$ 7,921          | \$ 8,183          | \$ 8,183          | \$ 0                            |
| <b>Section 12: Accounting Office, State</b>                  |                   |                   |                   |                                 |
| State Accounting Office                                      | \$ 15,776         | \$ 17,629         | \$ 17,625         | \$ 4                            |
| <b>Section 13: Administrative Services, Department of</b>    |                   |                   |                   |                                 |
| Administration   | \$ 5,580          | \$ 5,580          | \$ 5,048          | \$ 532                          |
| Fiscal Services  | 322               | 351               | 349               | 2                               |
| Fleet Management   | 2,503             | 2,503             | 1,344             | 1,159                           |
| Mail and Courier   | 1,388             | 1,388             | 992               | 396                             |
| Risk Management  | 137,389           | 137,389           | 134,836           | 2,553                           |
| State Purchasing   | 9,650             | 9,650             | 8,954             | 696                             |
| Surplus Property   | 2,044             | 2,576             | 2,455             | 121                             |
| U.S. Post Office   | 173               | 174               | 174               | 0                               |
| Agency for the Removal of Hazardous Materials                | 85                | 85                | 85                | 0                               |
| Health Planning Review Board                                 | 60                | 60                | 60                | 0                               |
| Office of State Administrative Hearings                      | 4,438             | 4,438             | 4,309             | 129                             |
| Office of Treasury and Fiscal Services                       | 3,095             | 3,677             | 3,293             | 384                             |
| Payments to Georgia Technology Authority                     | 4,750             | 4,397             | 4,397             | 0                               |
| <b>Total Administrative Services, Department of</b>          | <b>\$ 171,477</b> | <b>\$ 172,268</b> | <b>\$ 166,296</b> | <b>\$ 5,972</b>                 |

(continued)

# State of Georgia

## Required Supplementary Information

### Budgetary Comparison Schedule

#### Budget Fund (continued)

#### For the Fiscal Year Ended June 30, 2007

(expressed in thousands)

|  | Budgeted Amounts     |                      |                      | Variance            |
|--|----------------------|----------------------|----------------------|---------------------|
|  | Original             | Final                | Actual Amounts       | Positive (Negative) |
| <b>Section 14: Agriculture, Department of</b>                |                      |                      |                      |                     |
| Administration   | \$ 6,413             | \$ 7,462             | \$ 7,461             | \$ 1                |
| Athens/Tifton Veterinary Labs                                | 3,485                | 3,485                | 3,485                | 0                   |
| Consumer Protection  | 29,701               | 31,801               | 31,800               | 1                   |
| Marketing and Promotion                                      | 8,564                | 8,823                | 8,820                | 3                   |
| Poultry Veterinary Diagnostic Labs                           | 3,483                | 3,612                | 3,612                | 0                   |
| <b>Total Agriculture, Department of</b>                      | <b>\$ 51,646</b>     | <b>\$ 55,183</b>     | <b>\$ 55,178</b>     | <b>\$ 5</b>         |
| <b>Section 15: Banking and Finance, Department of</b>        |                      |                      |                      |                     |
| Administration   | \$ 1,786             | \$ 1,856             | \$ 1,854             | \$ 2                |
| Chartering, Licensing and Applications/Non-Mortgage Entities | 513                  | 513                  | 498                  | 15                  |
| Consumer Protection and Assistance                           | 530                  | 600                  | 599                  | 1                   |
| Financial Institution Supervision                            | 6,956                | 6,976                | 6,973                | 3                   |
| Mortgage Supervision   | 1,797                | 1,637                | 1,631                | 6                   |
| <b>Total Banking and Finance, Department of</b>              | <b>\$ 11,582</b>     | <b>\$ 11,582</b>     | <b>\$ 11,555</b>     | <b>\$ 27</b>        |
| <b>Section 16: Community Affairs, Department of</b>          |                      |                      |                      |                     |
| Administration   | \$ 4,800             | \$ 5,704             | \$ 5,649             | \$ 55               |
| Building Construction  | 461                  | 499                  | 496                  | 3                   |
| Coordinated Planning   | 3,622                | 3,785                | 3,767                | 18                  |
| Environmental Education and Assistance                       | 999                  | 1,850                | 1,755                | 95                  |
| Federal Community and Economic Development Programs          | 38,746               | 50,937               | 50,577               | 360                 |
| Homeownership Programs                                       | 4,014                | 4,437                | 3,941                | 496                 |
| Local Assistance Grants                                      | 6,541                | 6,541                | 6,478                | 63                  |
| Regional Services  | 2,136                | 2,645                | 2,640                | 5                   |
| Rental Housing Programs                                      | 62,831               | 110,617              | 109,358              | 1,259               |
| Research and Surveys   | 651                  | 639                  | 632                  | 7                   |
| Special Housing Initiatives                                  | 4,505                | 5,520                | 5,066                | 454                 |
| State Community Development Programs                         | 1,233                | 1,301                | 1,265                | 36                  |
| State Economic Development Program                           | 9,791                | 56,460               | 56,413               | 47                  |
| Payments to Georgia Environmental Facilities Authority       | 6,588                | 6,588                | 6,586                | 2                   |
| Payments to Georgia Regional Transportation Authority        | 4,571                | 4,571                | 4,571                | 0                   |
| Payments to OneGeorgia Authority                             | 47,385               | 47,695               | 47,650               | 45                  |
| <b>Total Community Affairs, Department of</b>                | <b>\$ 198,874</b>    | <b>\$ 309,789</b>    | <b>\$ 306,844</b>    | <b>\$ 2,945</b>     |
| <b>Section 17: Community Health, Department of</b>           |                      |                      |                      |                     |
| Administration   | \$ 337,475           | \$ 425,068           | \$ 353,172           | \$ 71,896           |
| Aged, Blind, and Disabled Medicaid                           | 3,836,980            | 4,631,673            | 3,423,577            | 1,208,096           |
| Health Care Access and Improvement                           | 11,999               | 17,830               | 15,773               | 2,057               |
| Indigent Care Trust Fund                                     | 795,217              | 1,001,286            | 992,027              | 9,259               |
| Low-Income Medicaid  | 2,501,610            | 3,143,484            | 2,647,503            | 495,981             |
| Nursing Home Provider Fees                                   | 245,808              | 291,977              | 291,977              | 0                   |
| PeachCare  | 249,664              | 345,761              | 319,778              | 25,983              |
| State Health Benefit Plan                                    | 2,411,434            | 2,411,434            | 2,377,547            | 33,887              |
| Composite Board of Medical Examiners                         | 2,203                | 2,369                | 2,330                | 39                  |
| Georgia Board for Physician Workforce:                       |                      |                      |                      |                     |
| Administration   | 559                  | 559                  | 559                  | 0                   |
| Graduate Medical Education                                   | 6,712                | 6,712                | 6,567                | 145                 |
| Mercer School of Medicine                                    | 19,061               | 19,061               | 19,061               | 0                   |
| Morehouse School of Medicine                                 | 10,547               | 10,547               | 10,547               | 0                   |
| Undergraduate Medical Education                              | 3,539                | 3,539                | 3,539                | 0                   |
| State Medical Education Board                                | 1,413                | 1,512                | 1,347                | 165                 |
| <b>Total Community Health, Department of</b>                 | <b>\$ 10,434,221</b> | <b>\$ 12,312,812</b> | <b>\$ 10,465,304</b> | <b>\$ 1,847,508</b> |

# State of Georgia

## Required Supplementary Information

### Budgetary Comparison Schedule

#### Budget Fund

#### For the Fiscal Year Ended June 30, 2007

(expressed in thousands)

|   | Budgeted Amounts    |                     | Actual Amounts      | Variance            |
|---|---------------------|---------------------|---------------------|---------------------|
|   | Original            | Final               |                     | Positive (Negative) |
| <b>Section 18: Corrections, Department of</b>             |                     |                     |                     |                     |
| Administration  | \$ 60,859           | \$ 61,169           | \$ 58,052           | \$ 3,117            |
| Bainbridge Probation Substance Abuse Treatment Center     | 4,718               | 4,946               | 4,791               | 155                 |
| Detention Centers   | 43,877              | 50,074              | 48,705              | 1,369               |
| Food and Farm Operations                                  | 12,650              | 15,623              | 15,595              | 28                  |
| Health  | 184,488             | 195,155             | 193,980             | 1,175               |
| Jail Subsidy  | 4,799               | 4,799               | 4,799               | 0                   |
| Offender Management                                       | 44,243              | 44,351              | 44,316              | 35                  |
| Parole Revocation Centers                                 | 4,036               | 4,990               | 4,866               | 124                 |
| Private Prisons   | 76,786              | 79,183              | 79,183              | 0                   |
| Probation Diversion Centers                               | 14,756              | 15,531              | 13,789              | 1,742               |
| Probation Supervision                                     | 72,646              | 74,160              | 74,151              | 9                   |
| State Prisons   | 477,266             | 548,198             | 514,740             | 33,458              |
| Transitional Centers                                      | 23,722              | 24,126              | 24,014              | 112                 |
| <b>Total Corrections, Department of</b>                   | <b>\$ 1,024,846</b> | <b>\$ 1,122,305</b> | <b>\$ 1,080,981</b> | <b>\$ 41,324</b>    |
| <b>Section 19: Defense, Department of</b>                 |                     |                     |                     |                     |
| Administration  | \$ 1,111            | \$ 1,522            | \$ 1,505            | \$ 17               |
| Military Readiness  | 36,258              | 34,159              | 31,399              | 2,760               |
| Youth Educational Services                                | 8,983               | 9,492               | 9,457               | 35                  |
| <b>Total Defense, Department of</b>                       | <b>\$ 46,352</b>    | <b>\$ 45,173</b>    | <b>\$ 42,361</b>    | <b>\$ 2,812</b>     |
| <b>Section 20: Driver Services, Department of</b>         |                     |                     |                     |                     |
| Customer Service Support                                  | \$ 8,778            | \$ 9,247            | \$ 9,119            | \$ 128              |
| License Issuance  | 40,596              | 42,374              | 42,187              | 187                 |
| Regulatory Compliance                                     | 4,779               | 5,766               | 5,510               | 256                 |
| <b>Total Driver Services, Department of</b>               | <b>\$ 54,153</b>    | <b>\$ 57,387</b>    | <b>\$ 56,816</b>    | <b>\$ 571</b>       |
| <b>Section 21: Early Care and Learning, Department of</b> |                     |                     |                     |                     |
| Child Care Services                                       | \$ 7,665            | \$ 7,841            | \$ 7,841            | \$ 0                |
| Nutrition   | 90,001              | 97,000              | 97,000              | 0                   |
| Pre-Kindergarten Program                                  | 302,621             | 310,108             | 310,088             | 20                  |
| Quality Initiatives                                       | 22,370              | 19,336              | 19,336              | 0                   |
| <b>Total Early Care and Learning, Department of</b>       | <b>\$ 422,657</b>   | <b>\$ 434,285</b>   | <b>\$ 434,265</b>   | <b>\$ 20</b>        |
| <b>Section 22: Economic Development, Department of</b>    |                     |                     |                     |                     |
| Administration  | \$ 6,424            | \$ 6,424            | \$ 6,425            | \$ (1)              |
| Business Recruitment and Expansion                        | 7,012               | 7,062               | 7,056               | 6                   |
| Film, Video and Music                                     | 1,197               | 1,196               | 1,189               | 7                   |
| Innovation & Technology                                   | 2,624               | 2,624               | 2,605               | 19                  |
| International Relations and Trade                         | 2,296               | 2,296               | 2,294               | 2                   |
| Small and Minority Business Development                   | 914                 | 864                 | 854                 | 10                  |
| Tourism   | 12,061              | 12,161              | 12,156              | 5                   |
| Civil War Commission                                      | 0                   | 100                 | 100                 | 0                   |
| Payments to Aviation Hall of Fame Authority               | 50                  | 50                  | 50                  | 0                   |
| Payments to Georgia Golf Hall of Fame Authority           | 59                  | 59                  | 59                  | 0                   |
| Payments to Georgia Medical Center Authority              | 405                 | 405                 | 405                 | 0                   |
| Payments to Georgia Music Hall of Fame Authority          | 814                 | 814                 | 814                 | 0                   |
| Payments to Georgia Sports Hall of Fame Authority         | 742                 | 742                 | 742                 | 0                   |
| <b>Total Economic Development, Department of</b>          | <b>\$ 34,598</b>    | <b>\$ 34,797</b>    | <b>\$ 34,749</b>    | <b>\$ 48</b>        |

(continued)

# State of Georgia

## Required Supplementary Information

### Budgetary Comparison Schedule

#### Budget Fund (continued)

#### For the Fiscal Year Ended June 30, 2007

(expressed in thousands)

|  | Budgeted Amounts    |                     | Actual Amounts      | Variance            |
|--|---------------------|---------------------|---------------------|---------------------|
|  | Original            | Final               |                     | Positive (Negative) |
| <b>Section 23: Education, Department of</b>                |                     |                     |                     |                     |
| Academic Coach   | \$ 6,167            | \$ 3,529            | \$ 3,506            | \$ 23               |
| Agricultural Education                                     | 8,685               | 11,775              | 11,323              | 452                 |
| Central Office   | 80,952              | 110,459             | 72,643              | 37,816              |
| Charter Schools  | 7,950               | 14,269              | 6,157               | 8,112               |
| Communities in Schools                                     | 2,303               | 2,303               | 2,303               | 0                   |
| Curriculum Development                                     | 1,975               | 1,975               | 1,924               | 51                  |
| Dropout Prevention   | 15,829              | 15,829              | 15,825              | 4                   |
| Equalization   | 427,024             | 432,240             | 432,240             | 0                   |
| Federal Programs   | 817,561             | 1,179,560           | 1,025,727           | 153,833             |
| Foreign Language   | 1,591               | 1,591               | 1,549               | 42                  |
| Fund Accounting  | 2,000               | 2,000               | 1,969               | 31                  |
| Georgia Learning Resources System (GLRS)                   | 5,118               | 9,462               | 8,307               | 1,155               |
| Georgia Virtual School                                     | 2,189               | 2,911               | 2,831               | 80                  |
| Georgia Youth Science and Technology                       | 689                 | 689                 | 689                 | 0                   |
| Governor's Honors Program                                  | 1,418               | 1,418               | 1,412               | 6                   |
| Information Technology Services                            | 7,417               | 7,417               | 7,405               | 12                  |
| Local Five Mill Share                                      | (1,440,263)         | (1,440,071)         | (1,440,071)         | 0                   |
| National Board Certification                               | 11,038              | 12,295              | 12,295              | 0                   |
| National Science Center and Foundation                     | 1,417               | 1,417               | 1,417               | 0                   |
| Non-Quality Basic Education Grants                         | 21,089              | 20,648              | 20,576              | 72                  |
| Nutrition  | 225,900             | 681,480             | 472,280             | 209,200             |
| Preschool Handicapped                                      | 26,471              | 26,471              | 26,470              | 1                   |
| Principal Supplements                                      | 5,361               | 5,361               | 5,361               | 0                   |
| Pupil Transportation                                       | 166,452             | 211,452             | 211,302             | 150                 |
| Quality Basic Education Program                            | 7,419,025           | 7,585,629           | 7,585,486           | 143                 |
| Regional Education Service Agencies (RESAs)                | 11,962              | 11,962              | 11,962              | 0                   |
| School Improvement   | 11,736              | 11,349              | 11,176              | 173                 |
| School Nurses  | 30,000              | 30,000              | 30,000              | 0                   |
| Severely Emotionally Disturbed (SED)                       | 75,559              | 80,248              | 79,888              | 360                 |
| State Interagency Transfers                                | 270,480             | 271,239             | 266,731             | 4,508               |
| State Reading and Math Program                             | 26,503              | 25,308              | 25,308              | 0                   |
| State Schools  | 21,131              | 21,975              | 20,813              | 1,162               |
| Technology/Career Education                                | 40,571              | 51,233              | 46,409              | 4,824               |
| Testing  | 30,914              | 36,587              | 34,438              | 2,149               |
| Tuition for the Multi-Handicapped                          | 1,659               | 1,659               | 1,575               | 84                  |
| <b>Total Education, Department of</b>                      | <b>\$ 8,345,873</b> | <b>\$ 9,443,669</b> | <b>\$ 9,019,226</b> | <b>\$ 424,443</b>   |
| <b>Section 24: Employees' Retirement System of Georgia</b> |                     |                     |                     |                     |
| Administration   | \$ 17,315           | \$ 20,304           | \$ 19,945           | \$ 359              |
| Deferred Compensation                                      | 3,761               | 2,517               | 2,395               | 122                 |
| Georgia Military Pension Fund                              | 1,005               | 1,005               | 1,005               | 0                   |
| Public School Employees Retirement System                  | 7,072               | 7,072               | 7,072               | 0                   |
| <b>Total Employees' Retirement System of Georgia</b>       | <b>\$ 29,153</b>    | <b>\$ 30,898</b>    | <b>\$ 30,417</b>    | <b>\$ 481</b>       |

# State of Georgia

## Required Supplementary Information Budgetary Comparison Schedule Budget Fund For the Fiscal Year Ended June 30, 2007 (expressed in thousands)

|   | Budgeted Amounts |                   |                   | Variance            |
|---|------------------|-------------------|-------------------|---------------------|
|   | Original         | Final             | Actual Amounts    | Positive (Negative) |
| <b>Section 25: Forestry Commission, State</b> |                  |                   |                   |                     |
| Administration                                | \$ 4,665         | \$ 4,476          | \$ 4,476          | \$ 0                |
| Forest Management                             | 4,361            | 10,141            | 10,141            | 0                   |
| Forest Protection                             | 29,223           | 66,691            | 65,512            | 1,179               |
| Tree Improvement                              | 119              | 129               | 129               | 0                   |
| Tree Seedling Nursery                         | 1,347            | 1,249             | 1,251             | (2)                 |
| <b>Total Forestry Commission, State</b>       | <b>\$ 39,715</b> | <b>\$ 82,686</b>  | <b>\$ 81,509</b>  | <b>\$ 1,177</b>     |
| <b>Section 26: Governor, Office of the</b>    |                  |                   |                   |                     |
| Governor's Emergency Funds                    | \$ 3,470         | \$ 0              | \$ 0              | \$ 0                |
| Governor's Office                             | 5,244            | 9,540             | 9,245             | 295                 |
| Office of Planning and Budget                 | 9,061            | 9,380             | 9,347             | 33                  |
| Arts, Georgia Council for the                 | 4,706            | 4,873             | 4,571             | 302                 |
| Child Advocate, Office of the                 | 743              | 1,044             | 919               | 125                 |
| Commission on Equal Opportunity               | 1,050            | 1,623             | 1,210             | 413                 |
| Consumer Affairs, Office of                   | 7,016            | 8,285             | 8,105             | 180                 |
| Georgia Emergency Management Agency           | 6,548            | 100,436           | 82,664            | 17,772              |
| Homeland Security, Office of                  | 506              | 506               | 498               | 8                   |
| Inspector General, Office of the State        | 831              | 831               | 538               | 293                 |
| Professional Standards Commission, Georgia    | 6,966            | 9,897             | 8,438             | 1,459               |
| Student Achievement, Office of                | 1,429            | 1,835             | 1,345             | 490                 |
| <b>Total Governor, Office of the</b>          | <b>\$ 47,570</b> | <b>\$ 148,250</b> | <b>\$ 126,880</b> | <b>\$ 21,370</b>    |
| (continued)                                   |                  |                   |                   |                     |

(continued)

# State of Georgia

## Required Supplementary Information Budgetary Comparison Schedule Budget Fund (continued) For the Fiscal Year Ended June 30, 2007 (expressed in thousands)

|  | Budgeted Amounts    |                     | Actual Amounts      | Variance            |
|--|---------------------|---------------------|---------------------|---------------------|
|  | Original            | Final               |                     | Positive (Negative) |
| <b>Section 27: Human Resources, Department of</b>      |                     |                     |                     |                     |
| Administration   | \$ 237,538          | \$ 246,038          | \$ 219,520          | \$ 26,518           |
| Adolescent and Adult Health Promotion                  | 48,539              | 57,476              | 52,485              | 4,991               |
| Adoption Services                                      | 69,586              | 87,704              | 86,109              | 1,595               |
| Adult Addictive Disease Services                       | 70,392              | 95,209              | 94,293              | 916                 |
| Adult Developmental Disabilities Services              | 330,381             | 266,037             | 236,094             | 29,943              |
| Adult Essential Health Treatment Services              | 14,627              | 16,486              | 13,718              | 2,768               |
| Adult Forensic Services                                | 27,286              | 30,667              | 29,095              | 1,572               |
| Adult Mental Health Services                           | 179,590             | 236,260             | 221,396             | 14,864              |
| Adult Nursing Home Services                            | 1,708               | 13,551              | 10,625              | 2,926               |
| After School Care                                      | 34,000              | 14,650              | 13,151              | 1,499               |
| Child and Adolescent Addictive Disease Services        | 26,550              | 24,802              | 15,926              | 8,876               |
| Child and Adolescent Development Disabilities Services | 23,474              | 20,601              | 15,682              | 4,919               |
| Child and Adolescent Forensic Services                 | 6,854               | 1,100               | 834                 | 266                 |
| Child and Adolescent Mental Health Services            | 70,124              | 67,908              | 63,572              | 4,336               |
| Child Care Services                                    | 232,967             | 225,929             | 227,424             | (1,495)             |
| Child Support Services                                 | 67,503              | 93,640              | 93,112              | 528                 |
| Child Welfare Services                                 | 242,263             | 257,302             | 299,180             | (41,878)            |
| Direct Care Support Services                           | 151,264             | 160,135             | 148,277             | 11,858              |
| Elder Abuse Investigations and Prevention              | 15,371              | 19,265              | 16,319              | 2,946               |
| Elder Community Living Services                        | 108,704             | 110,887             | 109,720             | 1,167               |
| Elder Support Services                                 | 8,881               | 9,701               | 8,850               | 851                 |
| Eligibility Determination                              | 50,306              | 92,851              | 95,718              | (2,867)             |
| Emergency Preparedness/Trauma System Improvement       | 6,989               | 42,158              | 38,262              | 3,896               |
| Energy Assistance                                      | 19,371              | 27,979              | 27,993              | (14)                |
| Epidemiology   | 5,539               | 11,236              | 9,811               | 1,425               |
| Facility and Provider Regulation                       | 13,818              | 15,491              | 14,761              | 730                 |
| Family Violence Services                               | 10,003              | 12,201              | 11,597              | 604                 |
| Federal and Unobligated Balances                       | 131,449             | 131,449             | 0                   | 131,449             |
| Food Stamp Eligibility & Benefits                      | 53,632              | 81,991              | 82,343              | (352)               |
| Immunization   | 17,983              | 24,202              | 23,221              | 981                 |
| Infant and Child Essential Health Treatment Services   | 44,873              | 65,192              | 59,343              | 5,849               |
| Infant and Child Health Promotion                      | 108,204             | 292,326             | 282,439             | 9,887               |
| Infectious Disease Control                             | 46,186              | 92,611              | 85,333              | 7,278               |
| Injury Prevention                                      | 539                 | 2,250               | 1,746               | 504                 |
| Inspections and Environmental Hazard Control           | 14,956              | 19,671              | 18,995              | 676                 |
| Out-of-Home Care                                       | 313,782             | 429,678             | 333,229             | 96,449              |
| Refugee Assistance                                     | 3,700               | 4,077               | 4,845               | (768)               |
| Substance Abuse Prevention Services                    | 11,271              | 17,201              | 11,978              | 5,223               |
| Support for Needy Families - Basic Assistance          | 91,688              | 64,062              | 64,062              | 0                   |
| Support for Needy Families - Family Assistance         | 64,610              | 53,940              | 51,119              | 2,821               |
| Support for Needy Families - Work Assistance           | 86,067              | 25,067              | 19,973              | 5,094               |
| Vital Records  | 2,497               | 3,041               | 2,996               | 45                  |
| Brain and Spinal Injury Trust Fund                     | 3,008               | 4,994               | 3,954               | 1,040               |
| Child Fatality Review Board                            | 339                 | 415                 | 390                 | 25                  |
| Children's Trust Fund Commission                       | 7,495               | 17,716              | 16,840              | 876                 |
| Council on Aging                                       | 175                 | 175                 | 173                 | 2                   |
| Developmental Disabilities, Council on                 | 2,292               | 2,408               | 2,145               | 263                 |
| Family Connection                                      | 10,863              | 12,850              | 11,866              | 984                 |
| <b>Total Human Resources, Department of</b>            | <b>\$ 3,089,237</b> | <b>\$ 3,602,580</b> | <b>\$ 3,250,514</b> | <b>\$ 352,066</b>   |

# State of Georgia

## Required Supplementary Information Budgetary Comparison Schedule Budget Fund For the Fiscal Year Ended June 30, 2007 (expressed in thousands)

|   | Budgeted Amounts  |                   | Actual Amounts    | Variance            |
|---|-------------------|-------------------|-------------------|---------------------|
|   | Original          | Final             |                   | Positive (Negative) |
| <b>Section 28: Insurance, Department of</b>                       |                   |                   |                   |                     |
| Administration  | \$ 2,296          | \$ 2,306          | \$ 2,287          | \$ 19               |
| Enforcement   | 812               | 812               | 797               | 15                  |
| Fire Safety   | 6,187             | 6,115             | 5,632             | 483                 |
| Industrial Loan   | 723               | 723               | 650               | 73                  |
| Insurance Regulation  | 5,618             | 5,618             | 5,511             | 107                 |
| Special Fraud   | 3,103             | 3,103             | 2,890             | 213                 |
| <b>Total Insurance, Department of</b>                             | <b>\$ 18,739</b>  | <b>\$ 18,677</b>  | <b>\$ 17,767</b>  | <b>\$ 910</b>       |
| <b>Section 29: Investigation, Georgia Bureau of</b>               |                   |                   |                   |                     |
| Administration  | \$ 9,642          | \$ 9,979          | \$ 9,905          | \$ 74               |
| Centralized Scientific Services                                   | 12,609            | 14,762            | 14,747            | 15                  |
| Criminal Justice Information Services                             | 9,761             | 14,624            | 14,618            | 6                   |
| Georgia Information Sharing and Analysis Center                   | 819               | 1,386             | 1,360             | 26                  |
| Regional Forensic Services  | 8,218             | 8,216             | 8,216             | 0                   |
| Regional Investigative Services                                   | 21,164            | 23,119            | 23,044            | 75                  |
| Special Operations Unit   | 699               | 1,984             | 1,947             | 37                  |
| State Healthcare Fraud Unit                                       | 1,125             | 4,596             | 4,423             | 173                 |
| Task Forces   | 984               | 1,001             | 1,001             | 0                   |
| Criminal Justice Coordinating Council                             | 35,632            | 36,322            | 36,212            | 110                 |
| <b>Total Investigation, Georgia Bureau of</b>                     | <b>\$ 100,653</b> | <b>\$ 115,989</b> | <b>\$ 115,473</b> | <b>\$ 516</b>       |
| <b>Section 30: Juvenile Justice, Department of</b>                |                   |                   |                   |                     |
| Administration  | \$ 28,573         | \$ 29,833         | \$ 28,940         | \$ 893              |
| Community Non-Secure Commitment                                   | 57,061            | 53,812            | 53,121            | 691                 |
| Community Supervision   | 45,584            | 45,189            | 44,094            | 1,095               |
| Secure Commitment (YDCs)  | 89,503            | 90,489            | 89,614            | 875                 |
| Secure Detention (RYDCs)  | 95,037            | 98,233            | 97,313            | 920                 |
| Children and Youth Coordinating Council                           | 3,262             | 12,229            | 7,340             | 4,889               |
| <b>Total Juvenile Justice, Department of</b>                      | <b>\$ 319,020</b> | <b>\$ 329,785</b> | <b>\$ 320,422</b> | <b>\$ 9,363</b>     |
| <b>Section 31: Labor, Department of</b>                           |                   |                   |                   |                     |
| Administration - Department of Labor                              | \$ 13,829         | \$ 43,508         | \$ 38,835         | \$ 4,673            |
| Administration - Division of Rehabilitation                       | 3,519             | 5,108             | 4,627             | 481                 |
| Business Enterprise Program                                       | 1,736             | 2,736             | 1,757             | 979                 |
| Commission on Women   | 93                | 93                | 92                | 1                   |
| Disability Adjudication Section                                   | 55,599            | 55,599            | 45,204            | 10,395              |
| Georgia Industries for the Blind                                  | 11,810            | 11,810            | 10,195            | 1,615               |
| Labor Market Information  | 2,932             | 3,222             | 3,140             | 82                  |
| Roosevelt Warm Springs Institute                                  | 31,166            | 32,439            | 29,567            | 2,872               |
| Safety Inspections  | 2,870             | 2,880             | 2,858             | 22                  |
| Unemployment Insurance  | 46,824            | 61,279            | 60,078            | 1,201               |
| Vocational Rehabilitation Program                                 | 86,079            | 86,020            | 82,766            | 3,254               |
| Workforce Development   | 96,268            | 126,023           | 123,462           | 2,561               |
| <b>Total Labor, Department of</b>                                 | <b>\$ 352,725</b> | <b>\$ 430,717</b> | <b>\$ 402,581</b> | <b>\$ 28,136</b>    |
| <b>Section 32: Law, Department of</b>                             |                   |                   |                   |                     |
| Law, Department of  | \$ 36,497         | \$ 56,763         | \$ 56,544         | \$ 219              |
| <b>Section 33: State Merit System of Personnel Administration</b> |                   |                   |                   |                     |
| Administration  | \$ 5,063          | \$ 4,323          | \$ 3,754          | \$ 569              |
| Recruitment and Staffing Services                                 | 1,322             | 1,180             | 1,135             | 45                  |
| Total Compensation and Rewards                                    | 4,566             | 6,371             | 5,750             | 621                 |
| Workforce Development and Alignment                               | 3,569             | 4,901             | 4,111             | 790                 |
| <b>Total State Merit System of Personnel Administration</b>       | <b>\$ 14,520</b>  | <b>\$ 16,775</b>  | <b>\$ 14,750</b>  | <b>\$ 2,025</b>     |

(continued)



# State of Georgia

## Required Supplementary Information Budgetary Comparison Schedule Budget Fund (continued) For the Fiscal Year Ended June 30, 2007 (expressed in thousands)

|  | Budgeted Amounts  |                   |                   | Variance            |
|--|-------------------|-------------------|-------------------|---------------------|
|  | Original          | Final             | Actual Amounts    | Positive (Negative) |
| <b>Section 34: Natural Resources, Department of</b>        |                   |                   |                   |                     |
| Administration   | \$ 10,113         | \$ 10,949         | \$ 10,726         | \$ 223              |
| Coastal Resources  | 2,891             | 7,332             | 7,068             | 264                 |
| Environmental Protection                                   | 87,642            | 143,912           | 139,767           | 4,145               |
| Hazardous Waste Trust Fund                                 | 7,674             | 7,600             | 7,600             | 0                   |
| Historic Preservation                                      | 2,546             | 2,901             | 2,724             | 177                 |
| Land Conservation  | 466               | 466               | 386               | 80                  |
| Parks, Recreation and Historic Sites                       | 39,982            | 62,403            | 62,083            | 320                 |
| Pollution Prevention Assistance                            | 694               | 1,399             | 1,269             | 130                 |
| Solid Waste Trust Fund                                     | 6,000             | 6,000             | 2,989             | 3,011               |
| Wildlife Resources   | 43,140            | 57,595            | 56,728            | 867                 |
| Civil War Commission                                       | 100               | 0                 | 0                 | 0                   |
| Georgia State Games Commission                             | 382               | 382               | 50                | 332                 |
| Payments to Georgia Agrirama Development Authority         | 872               | 872               | 872               | 0                   |
| Payments to Georgia Agricultural Exposition Authority      | 1,642             | 1,642             | 1,642             | 0                   |
| Payments to Lake Allatoona Preservation Authority          | 100               | 100               | 100               | 0                   |
| Payments to Southwest Georgia Railroad Excursion Authority | 372               | 372               | 372               | 0                   |
| <b>Total Natural Resources, Department of</b>              | <b>\$ 204,616</b> | <b>\$ 303,925</b> | <b>\$ 294,376</b> | <b>\$ 9,549</b>     |
| <b>Section 35: Pardons and Paroles, State Board of</b>     |                   |                   |                   |                     |
| Administration   | \$ 4,892          | \$ 4,942          | \$ 4,941          | \$ 1                |
| Clemency   | 10,212            | 10,219            | 10,211            | 8                   |
| Parole Supervision   | 34,477            | 36,101            | 35,738            | 363                 |
| Victim Services  | 532               | 532               | 513               | 19                  |
| <b>Total Pardons and Paroles, State Board of</b>           | <b>\$ 50,113</b>  | <b>\$ 51,794</b>  | <b>\$ 51,403</b>  | <b>\$ 391</b>       |
| <b>Section 36: Properties Commission, State</b>            |                   |                   |                   |                     |
| Leasing  | \$ 403            | \$ 436            | \$ 389            | \$ 47               |
| State Properties Commission                                | 588               | 738               | 683               | 55                  |
| Payments to Georgia Building Authority                     | 4,886             | 4,886             | 0                 | 4,886               |
| <b>Total Properties Commission, State</b>                  | <b>\$ 5,877</b>   | <b>\$ 6,060</b>   | <b>\$ 1,072</b>   | <b>\$ 4,988</b>     |
| <b>Section 37: Public Safety, Department of</b>            |                   |                   |                   |                     |
| Administration   | \$ 9,274          | \$ 8,774          | \$ 8,761          | \$ 13               |
| Aviation   | 2,366             | 2,608             | 2,711             | (103)               |
| Capitol Police Services                                    | 3,151             | 7,504             | 7,254             | 250                 |
| Executive Security Services                                | 1,392             | 1,420             | 1,420             | 0                   |
| Field Offices and Services                                 | 64,394            | 70,421            | 70,412            | 9                   |
| Motor Carrier Compliance                                   | 16,372            | 19,430            | 19,392            | 38                  |
| Specialized Collision Reconstruction Team (SCRT)           | 2,351             | 2,910             | 2,910             | 0                   |
| Troop J Specialty Units                                    | 2,292             | 2,292             | 2,292             | 0                   |
| Firefighter Standards and Training Council                 | 690               | 690               | 670               | 20                  |
| Office of Highway Safety                                   | 3,671             | 25,218            | 16,891            | 8,327               |
| Peace Officer Standards and Training Council (POST)        | 2,039             | 2,211             | 2,151             | 60                  |
| Public Safety Training Center                              | 13,281            | 18,601            | 17,562            | 1,039               |
| <b>Total Public Safety, Department of</b>                  | <b>\$ 121,273</b> | <b>\$ 162,079</b> | <b>\$ 152,426</b> | <b>\$ 9,653</b>     |
| <b>Section 38: Public Service Commission</b>               |                   |                   |                   |                     |
| Administration   | \$ 1,187          | \$ 1,187          | \$ 1,185          | \$ 2                |
| Facility Protection  | 904               | 1,227             | 1,226             | 1                   |
| Utilities Regulation                                       | 7,230             | 7,306             | 7,306             | 0                   |
| <b>Total Public Service Commission</b>                     | <b>\$ 9,321</b>   | <b>\$ 9,720</b>   | <b>\$ 9,717</b>   | <b>\$ 3</b>         |

# State of Georgia

## Required Supplementary Information

### Budgetary Comparison Schedule

#### Budget Fund

#### For the Fiscal Year Ended June 30, 2007

(expressed in thousands)

|   | Budgeted Amounts    |                     | Actual Amounts      | Variance            |
|---|---------------------|---------------------|---------------------|---------------------|
|   | Original            | Final               |                     | Positive (Negative) |
| <b>Section 39: Regents, University System of Georgia</b>                |                     |                     |                     |                     |
| Advanced Technology Development Center / Economic Development Institute | \$ 27,447           | \$ 28,697           | \$ 27,981           | \$ 716              |
| Agricultural Experiment Station   | 72,948              | 78,258              | 76,086              | 2,172               |
| Athens/Tifton Veterinary Laboratories                                   | 4,737               | 6,237               | 5,419               | 818                 |
| Cooperative Extension Service   | 56,648              | 65,446              | 62,559              | 2,887               |
| Forestry Cooperative Extension  | 659                 | 1,121               | 945                 | 176                 |
| Forestry Research   | 3,134               | 6,261               | 6,447               | (186)               |
| Georgia Radiation Therapy Center  | 3,626               | 3,626               | 0                   | 3,626               |
| Georgia Tech Research Institute   | 130,467             | 138,721             | 134,899             | 3,822               |
| Marine Extension Services   | 2,713               | 3,865               | 3,760               | 105                 |
| Marine Institute  | 1,712               | 1,759               | 1,373               | 386                 |
| Medical College of Georgia Hospitals and Clinics                        | 32,273              | 32,273              | 32,273              | 0                   |
| Office of Minority Business Enterprises                                 | 860                 | 860                 | 859                 | 1                   |
| Public Libraries  | 40,478              | 46,410              | 45,493              | 917                 |
| Public Service / Special Funding Initiatives                            | 32,418              | 32,418              | 32,288              | 130                 |
| Regents Central Office  | 7,984               | 8,101               | 7,946               | 155                 |
| Research Consortium   | 26,400              | 26,925              | 26,909              | 16                  |
| Skidaway Institute of Oceanography                                      | 7,292               | 7,292               | 6,953               | 339                 |
| Student Education Enrichment Program                                    | 308                 | 308                 | 308                 | 0                   |
| Teaching  | 4,176,524           | 4,613,947           | 4,153,749           | 460,198             |
| Veterinary Medicine Experiment Station                                  | 3,250               | 3,250               | 3,250               | 0                   |
| Veterinary Medicine Teaching Hospital                                   | 7,190               | 12,000              | 10,162              | 1,838               |
| Payments to the Georgia Cancer Coalition                                | 9,983               | 9,982               | 9,982               | 0                   |
| Payments to Georgia Military College                                    | 2,660               | 2,660               | 2,660               | 0                   |
| Public Telecommunications Commission, Georgia                           | 31,247              | 31,247              | 17,023              | 14,224              |
| <b>Total Regents, University System of Georgia</b>                      | <b>\$ 4,682,958</b> | <b>\$ 5,161,664</b> | <b>\$ 4,669,324</b> | <b>\$ 492,340</b>   |
| <b>Section 40: Revenue, Department of</b>                               |                     |                     |                     |                     |
| Administration  | \$ 4,054            | \$ 4,459            | \$ 4,431            | \$ 28               |
| Customer Service  | 12,819              | 15,105              | 15,045              | 60                  |
| Homeowner Tax Relief Grants (HTRG)                                      | 432,291             | 425,290             | 423,075             | 2,215               |
| Industry Regulation   | 4,647               | 5,470               | 5,466               | 4                   |
| Local Tax Officials Retirement and FICA                                 | 3,785               | 3,785               | 3,785               | 0                   |
| Revenue Processing  | 41,022              | 46,083              | 44,933              | 1,150               |
| Salvage Inspection  | 1,581               | 1,627               | 1,596               | 31                  |
| State Board of Equalization   | 5                   | 5                   | 0                   | 5                   |
| Tag and Title Registration  | 23,194              | 23,557              | 23,483              | 74                  |
| Tax Compliance  | 32,419              | 39,883              | 38,654              | 1,229               |
| <b>Total Revenue, Department of</b>                                     | <b>\$ 555,817</b>   | <b>\$ 565,264</b>   | <b>\$ 560,468</b>   | <b>\$ 4,796</b>     |
| <b>Section 41: Secretary of State</b>                                   |                     |                     |                     |                     |
| Administration  | \$ 4,913            | \$ 5,215            | \$ 5,120            | \$ 95               |
| Archives  | 6,481               | 6,868               | 6,665               | 203                 |
| Capitol Tours   | 156                 | 174                 | 155                 | 19                  |
| Corporations  | 1,937               | 2,137               | 2,135               | 2                   |
| Elections   | 5,180               | 5,695               | 5,470               | 225                 |
| Professional Licensing Boards   | 11,504              | 11,760              | 11,161              | 599                 |
| Securities  | 2,090               | 2,456               | 2,359               | 97                  |
| Georgia Commission on the Holocaust                                     | 278                 | 381                 | 377                 | 4                   |
| Georgia Drugs and Narcotics Agency                                      | 1,363               | 1,438               | 1,380               | 58                  |
| Georgia Real Estate Commission  | 3,253               | 3,421               | 3,071               | 350                 |
| State Ethics Commission   | 1,607               | 1,643               | 1,618               | 25                  |
| <b>Total Secretary of State</b>   | <b>\$ 38,762</b>    | <b>\$ 41,188</b>    | <b>\$ 39,511</b>    | <b>\$ 1,677</b>     |
| (continued)   |                     |                     |                     |                     |

(continued)

# State of Georgia

## Required Supplementary Information Budgetary Comparison Schedule Budget Fund (continued) For the Fiscal Year Ended June 30, 2007 (expressed in thousands)

|  | Budgeted Amounts    |                     | Actual Amounts      | Variance            |
|--|---------------------|---------------------|---------------------|---------------------|
|  | Original            | Final               |                     | Positive (Negative) |
| <b>Section 42: Soil and Water Conservation Commission</b>            |                     |                     |                     |                     |
| Administration   | \$ 600              | \$ 600              | \$ 599              | \$ 1                |
| Conservation of Agricultural Water Supplies                          | 7,764               | 7,145               | 7,144               | 1                   |
| Conservation of Soil and Water Resources                             | 2,017               | 3,394               | 3,389               | 5                   |
| USDA Flood Control Watershed Structures                              | 105                 | 105                 | 105                 | 0                   |
| Water Resources and Land Use Planning                                | 957                 | 957                 | 957                 | 0                   |
| <b>Total Soil and Water Conservation Commission</b>                  | <b>\$ 11,443</b>    | <b>\$ 12,201</b>    | <b>\$ 12,194</b>    | <b>\$ 7</b>         |
| <b>Section 43: Student Finance Commission and Authority, Georgia</b> |                     |                     |                     |                     |
| Accel  | \$ 6,000            | \$ 6,000            | \$ 3,866            | \$ 2,134            |
| Engineer Scholarship   | 760                 | 760                 | 663                 | 97                  |
| Georgia Military College Scholarship                                 | 771                 | 1,084               | 1,067               | 17                  |
| Governor's Scholarship Program                                       | 2,329               | 2,329               | 2,329               | 0                   |
| Guaranteed Educational Loans   | 4,080               | 4,080               | 4,080               | 0                   |
| HERO Scholarship   | 200                 | 481                 | 481                 | 0                   |
| HOPE Administration  | 5,228               | 6,069               | 6,069               | 0                   |
| HOPE GED   | 2,462               | 2,462               | 2,073               | 389                 |
| HOPE Grant   | 122,784             | 118,648             | 96,148              | 22,500              |
| HOPE Scholarships - Private Schools                                  | 45,652              | 45,652              | 39,227              | 6,425               |
| HOPE Scholarships - Public Schools                                   | 344,501             | 340,678             | 312,875             | 27,803              |
| Law Enforcement Dependents Grant                                     | 51                  | 51                  | 51                  | 0                   |
| Leveraging Educational Assistance Partnership Program (LEAP)         | 1,487               | 1,489               | 1,489               | 0                   |
| North Ga. Military Scholarship Grants                                | 1,694               | 1,694               | 1,694               | 0                   |
| North Georgia ROTC Grants  | 433                 | 470                 | 470                 | 0                   |
| Promise Scholarship  | 5,855               | 5,855               | 5,826               | 29                  |
| Public Memorial Safety Grant   | 256                 | 256                 | 231                 | 25                  |
| Teacher Scholarship  | 5,333               | 5,333               | 3,685               | 1,648               |
| Tuition Equalization Grants  | 33,015              | 33,015              | 33,015              | 0                   |
| Nonpublic Postsecondary Education Commission                         | 671                 | 694                 | 676                 | 18                  |
| <b>Total Student Finance Commission and Authority, Georgia</b>       | <b>\$ 583,562</b>   | <b>\$ 577,100</b>   | <b>\$ 516,015</b>   | <b>\$ 61,085</b>    |
| <b>Section 44: Teachers' Retirement System</b>                       |                     |                     |                     |                     |
| Local/Floor COLA   | \$ 3,903            | \$ 1,760            | \$ 1,497            | \$ 263              |
| System Administration  | 22,039              | 24,277              | 23,056              | 1,221               |
| <b>Total Teachers' Retirement System</b>                             | <b>\$ 25,942</b>    | <b>\$ 26,037</b>    | <b>\$ 24,553</b>    | <b>\$ 1,484</b>     |
| <b>Section 45: Technical Education, Department of</b>                |                     |                     |                     |                     |
| Administration   | \$ 11,244           | \$ 16,022           | \$ 15,897           | \$ 125              |
| Adult Literacy   | 20,243              | 33,899              | 32,791              | 1,108               |
| Economic Development (Quick Start)                                   | 12,614              | 23,591              | 21,181              | 2,410               |
| Technical Education  | 368,434             | 511,922             | 479,498             | 32,424              |
| <b>Total Technical Education, Department of</b>                      | <b>\$ 412,535</b>   | <b>\$ 585,434</b>   | <b>\$ 549,367</b>   | <b>\$ 36,067</b>    |
| <b>Section 46: Transportation, Department of</b>                     |                     |                     |                     |                     |
| Administration   | \$ 69,680           | \$ 98,899           | \$ 96,101           | \$ 2,798            |
| Air Transportation   | 2,153               | 2,392               | 2,288               | 104                 |
| Airport Aid  | 12,621              | 19,556              | 19,368              | 188                 |
| Data Collection, Compliance and Reporting                            | 12,427              | 18,173              | 18,076              | 97                  |
| Local Road Assistance  | 220,693             | 413,803             | 411,337             | 2,466               |
| Payments to State Road and Tollway Authority                         | 46,999              | 46,999              | 46,999              | 0                   |
| Ports and Waterways  | 1,161               | 1,161               | 1,161               | 0                   |
| Rail   | 184                 | 8,266               | 7,705               | 561                 |
| State Highway System Construction and Improvement                    | 1,061,482           | 3,584,275           | 3,351,140           | 233,135             |
| State Highway System Maintenance                                     | 334,648             | 939,396             | 931,686             | 7,710               |
| State Highway System Operations                                      | 62,367              | 215,740             | 204,627             | 11,113              |
| Transit  | 25,585              | 46,208              | 44,341              | 1,867               |
| <b>Total Transportation, Department of</b>                           | <b>\$ 1,850,000</b> | <b>\$ 5,394,868</b> | <b>\$ 5,134,829</b> | <b>\$ 260,039</b>   |

# State of Georgia

## Required Supplementary Information Budgetary Comparison Schedule Budget Fund For the Fiscal Year Ended June 30, 2007 (expressed in thousands)

|  | Budgeted Amounts         |                          | Actual Amounts           | Variance<br>Positive (Negative) |
|--|--------------------------|--------------------------|--------------------------|---------------------------------|
|  | Original                 | Final                    |                          |                                 |
| <b>Section 47: Veterans Service, Department of</b>       |                          |                          |                          |                                 |
| Administration   | \$ 746                   | \$ 664                   | \$ 638                   | \$ 26                           |
| Georgia Veterans Memorial Cemetery                       | 406                      | 6,885                    | 6,276                    | 609                             |
| Georgia War Veterans Nursing Home - Augusta              | 8,040                    | 11,475                   | 11,475                   | 0                               |
| Georgia War Veterans Nursing Home - Milledgeville        | 18,593                   | 21,028                   | 21,009                   | 19                              |
| Veterans Benefits  | 6,348                    | 6,374                    | 5,976                    | 398                             |
| <b>Total Veterans Service, Department of</b>             | <b>\$ 34,133</b>         | <b>\$ 46,426</b>         | <b>\$ 45,374</b>         | <b>\$ 1,052</b>                 |
| <b>Section 48: Workers' Compensation, State Board of</b> |                          |                          |                          |                                 |
| Administration   | \$ 6,319                 | \$ 6,536                 | \$ 4,213                 | \$ 2,323                        |
| Administer the Workers' Compensation Laws                | 9,901                    | 10,145                   | 10,142                   | 3                               |
| <b>Total Workers' Compensation, State Board of</b>       | <b>\$ 16,220</b>         | <b>\$ 16,681</b>         | <b>\$ 14,355</b>         | <b>\$ 2,326</b>                 |
| <b>Section 49: General Obligation Debt Sinking Fund</b>  |                          |                          |                          |                                 |
| General Obligation Bonds - Issued                        | \$ 719,350               | \$ 769,548               | \$ 811,622               | \$ (42,074)                     |
| General Obligation Bonds - New                           | 148,012                  | 97,815                   | 141,513                  | (43,698)                        |
| <b>Total General Obligation Debt Sinking Fund</b>        | <b>\$ 867,362</b>        | <b>\$ 867,363</b>        | <b>\$ 953,135</b>        | <b>\$ (85,772)</b>              |
| <br>Total Expenditures                                   | <br><b>\$ 34,575,182</b> | <br><b>\$ 42,949,045</b> | <br><b>\$ 39,430,811</b> | <br><b>\$ 3,518,234</b>         |
| <br>Excess of Funds Available over Expenditures          |                          |                          | <br><b>\$ 1,138,286</b>  | <br><b>\$ 1,138,286</b>         |

# State of Georgia

## Required Supplementary Information Budgetary Comparison Schedule Budget-To-GAAP Reconciliation For the Fiscal Year Ended June 30, 2007 (expressed in thousands)

|  | <u>General<br/>Fund</u>     |
|--|-----------------------------|
| <b>Sources/Inflows of Resources</b>  |                             |
| Actual amounts (budgetary basis) "Total Funds Available"<br>from the budgetary comparison schedule   | \$ 40,569,097               |
| Differences - budget to GAAP:  |                             |
| Revenues of nonbudgeted funds included within the State's reporting entity, and shown in the<br>General Fund for financial reporting purposes.   | 20,002,035                  |
| Revenues of budgeted funds included in the Budget Fund, but removed from the General Fund<br>for financial reporting purposes.   | (5,527,354)                 |
| Prior Year Reserves Available for Expenditure are included in Funds Available, but are not<br>revenues for GAAP reporting purposes.  | (1,695,911)                 |
| Transfers from other funds are inflows of budgetary resources, but are not revenues for<br>financial reporting purposes.   | (794,121)                   |
| Receivables and revenues accrued based on encumbrances reported for supplies and<br>equipment ordered but not received are reported in the year the order is placed for<br>budgetary purposes, but in the year the supplies are received for GAAP reporting. | (1,961,974)                 |
| Accrual of taxpayer assessed receivables and revenues .  | 369,637                     |
| Proceeds from the sale of land and equipment are budgetary resources but are regarded as<br>other financing sources under GAAP   |                             |
| State appropriation revenues are budgetary resources, but are netted with the State's<br>treasury disbursements for GAAP purposes.   | (19,166,614)                |
| Some federal financial assistance is reported as revenue when received in the Budget Fund,<br>but these funds are not earned at year end, and are shown as deferred revenue for GAAP<br>purposes.  | (579)                       |
| Revenues from intrafund transactions are budgetary resources, but are not revenues for GAAP<br>reporting purposes.   | (328,415)                   |
| Fund balance adjustments are not inflows of budgetary resources, but affect current year<br>revenues for GAAP reporting purposes.  | (63,252)                    |
| Revenue reported for nonbudgetary food stamp program.  | 1,116,719                   |
| Revenue reported for nonbudgetary donated commodities.   | 40,503                      |
| Other net accrued receivables and revenues.  | <u>(258,939)</u>            |
| Total Revenues as reported on the Statement of Revenues, Expenditures, and Changes in<br>Fund Balances - Governmental Funds  | \$ <u><u>32,300,832</u></u> |

# State of Georgia

## Required Supplementary Information Budgetary Comparison Schedule Budget-To-GAAP Reconciliation For the Fiscal Year Ended June 30, 2007 (expressed in thousands)

|   | <u>General<br/>Fund</u>     |
|---|-----------------------------|
| <b>Uses/Outflows of Resources</b>   |                             |
| Actual amounts (budgetary basis) "Total Expenditures"<br>from the budgetary comparison schedule   | \$ 39,430,811               |
| Differences - budget to GAAP:   |                             |
| Expenditures of Nonbudgeted Funds included within the State's reporting entity, and shown<br>in the General Fund for financial reporting purposes.  | 68,359                      |
| Expenditures of Budgeted Funds for organizations not reported in the General Fund.  | (7,761,524)                 |
| Transfers to other funds are outflows of budgetary resources, but are not expenditures for<br>GAAP reporting purposes.  | (1,055,193)                 |
| Encumbrances for supplies and equipment ordered but not received are reported as<br>budgetary expenditures in the year the order is placed, but are reported as GAAP<br>expenditures in the year the supplies and equipment are received. | (2,001,097)                 |
| Expenditures from intrafund transactions are budgetary outflows, but are not expenditures<br>for GAAP reporting purposes.   | (328,415)                   |
| Fund balance adjustments are not outflows of budgetary resources, but affect current year<br>expenditures for GAAP reporting purposes.  | (769,733)                   |
| Change in expenditure accrual for nonbudgetary Medicaid claims  | (121,800)                   |
| Expenditures reported for nonbudgetary food stamp program.  | 1,116,719                   |
| Expenditures reported for nonbudgetary donated commodities.   | 74,545                      |
| Accrual of teacher salaries not included in current budget year.  | 105,269                     |
| Capital lease acquisitions are not outflows of budgetary resources, but are recorded as<br>current expenditures and other financing sources for GAAP reporting.   | 777                         |
| Other net accrued liabilities and expenditures.   | <u>(286,964)</u>            |
| Total Expenditures as reported on the Statement of Revenues, Expenditures, and Changes in<br>Fund Balances - Governmental Funds   | \$ <u><u>28,471,754</u></u> |

# State of Georgia

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## Notes to Required Supplementary Information For the Fiscal Year Ended June 30, 2007

### Budgetary Process

The Official Code of Georgia Annotated (OCGA), Title 45, Chapter 12, Article 4 sets forth the process for the development and monitoring of an appropriated budget for the State of Georgia. Not later than September 1 of each year, the head of each executive branch budget unit must submit estimates of the financial requirements for the subsequent fiscal year to the Office of Planning and Budget, which operates under the direction of the Governor. Budget estimates relative to the legislative and judicial branches of State government are provided to the Office of Planning and Budget for the purpose of estimating the total financial needs of the State, but are not subject to revision or review by the Office of Planning and Budget.

The Governor, through the Office of Planning and Budget, examines the estimates and may investigate and revise executive branch submissions as necessary. Upon the completion and revisions of the estimates, the Governor must prepare and submit a budget report to the General Assembly within five days of the date on which the General Assembly convenes. The Governor possesses the responsibility and authority to establish the revenue estimate for the corresponding fiscal year.

The General Assembly, after adopting such modifications to the Governor's budget report, as it deems necessary, enacts the General Appropriations Act for the subsequent fiscal year. Each General Appropriations Act enacted, along with amendments as are adopted, continues in force and effect for the next fiscal year after adoption. In accordance with the Constitution of the State of Georgia, Article III, Section IX, Paragraph IV, the General Assembly is prohibited from appropriating funds for any given fiscal year which, in the aggregate, exceeds the amount of unappropriated surplus funds expected to have accrued at the beginning of the subsequent fiscal year together with the total estimated amount of receipts from existing revenue sources, less refunds, anticipated to be collected in the subsequent fiscal year. The Constitution further authorizes the passage of additional Supplementary Appropriation Acts, provided sufficient unappropriated surplus is available or additional revenue measures have been enacted. Federal funds received by the State are continually appropriated in the exact amounts and for the purposes authorized and directed by the awarding federal agency.

Internal transfers within a budget unit are subject to the condition that no funds shall be transferred for the purpose of initiating a new program area which otherwise had received no appropriation of any funding source.

The Governor, through the Office of Planning and Budget, requires each budget unit, other than those of the legislative and judicial branches, to submit an annual operating budget based on the programs set forth in the Appropriations Act. Budget units submit quarterly allotment requests, which must be approved in conjunction with quarterly work programs prior to release of appropriated funds. Further monitoring of budget unit activities is accomplished by review of expenditure reports, which are submitted quarterly to the Office of Planning and Budget.

Budget units (i.e., agencies, commissions) of the State are responsible for budgetary control of their respective portion of the total State appropriated budget. The legal level of budgetary control is at the program level by funding source. Due to the complex nature of the State appropriated budget, a separate "Budgetary Compliance Report" is published each year to demonstrate compliance at the legal level of budgetary control.

The appropriated budget covers a majority of the organizations comprising the State's General Fund, and includes appropriations for debt service. The budget also includes certain proprietary funds, the Higher Education Fund, and the administrative costs of operating certain public employee retirement systems.

### Budgetary Presentation

The accompanying Budgetary Comparison Schedule for the Budget Fund presents comparisons of the legally adopted budget with actual data prepared on the budgetary basis of accounting utilized by the State. The Budget Fund, a compilation of the budget units of the State, differs from the funds presented in the basic financial statements. The Budget-to-GAAP reconciliation immediately following the budgetary comparison schedule identifies the types and amounts of adjustments necessary to reconcile the Budget Fund with the General Fund as reported in accordance with generally accepted accounting principles.

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COMBINING AND INDIVIDUAL  
FUND STATEMENTS

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## NONMAJOR GOVERNMENTAL FUNDS

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# State of Georgia

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## Nonmajor Governmental Funds

### SPECIAL REVENUE FUNDS

Special Revenue Funds account for specific revenue sources that are legally restricted to expenditures for specific purposes. The State's special revenue funds represent the blended component units that conduct general governmental functions as described below:

**Georgia Economic Development Foundation, Inc.** is a legally separate nonprofit corporation organized to assist the Department of Economic Development in its activities promoting the economic development of the State of Georgia.

**Georgia Tourism Foundation** is a legally separate nonprofit corporation organized to lessen the government burden in promoting tourism by soliciting contributions for the State-wide Tourism Marketing Program.

**State Road and Tollway Authority** is a legally separate public corporation created to construct, operate and manage a system of roads, bridges and tunnels and facilities related thereto. The Authority issues bonded debt which finances State transportation infrastructure construction. Funding of the debt service is achieved through the remittance of motor fuel tax and/or federal funds from the Department of Transportation (general fund).

### DEBT SERVICE FUND

The Debt Service Fund accounts for the payment of principal and interest on the State's general long-term debt.

### CAPITAL PROJECTS FUNDS

The Capital Projects Funds account for the acquisition or construction of governmental capital assets. The State's nonmajor capital projects funds are described below:

**Georgia Building Authority (Hospital)** accounts for the acquisition, construction, repair, maintenance, improvement, operation and management of self-liquidating projects on property owned by the authority. These projects include hospitals, health care facilities, dormitories and housing accommodations for patients, officers and employees of institutions controlled by state agencies. As of June 30, 2007, the assets of the Authority were transferred to the Georgia State Financing and Investment Commission.

**Georgia Building Authority (Markets)** accounts for the construction and renovation of farmers markets and related facilities.

**Georgia Building Authority (Penal)** accounts for the acquisition, construction, repair, maintenance, improvement, operation and management of buildings, facilities, equipment and services for the State penal system. As of June 30, 2007, the assets of the Authority were transferred to the Georgia State Financing and Investment Commission.

**Georgia Education Authority (University)** accounts for the construction and improvement of buildings and facilities of institutions under the authority of the Board of Regents of the University System of Georgia.

# State of Georgia

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## Nonmajor Governmental Funds

### PERMANENT FUND

The Permanent Fund is used to report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that benefit the State or its citizenry. The State's nonmajor permanent fund is described below:

The **Pupils Trust Fund - Georgia Academy for the Blind** is used to account for principal trust amounts received and related interest income. The interest portion of the trust may be used for student activities at Georgia Academy for the Blind.

# State of Georgia

## Combining Balance Sheet Nonmajor Governmental Funds June 30, 2007 (expressed in thousands)

|  | Special Revenue  |                                  |   |                 |
|--|--|----------------------------------|---|-----------------|
|  | Georgia<br>Economic<br>Development<br>Foundation, Inc. | Georgia<br>Tourism<br>Foundation | State<br>Road and<br>Tollway<br>Authority | Debt<br>Service |
| <b>Assets</b>                              |  |                                  |   |                 |
| Cash and Cash Equivalents                  | \$ 424   | \$ 217                           | \$ 437,502                                | \$ —            |
| Investments                                | —  | —                                | 71,310                                    | —               |
| Accounts Receivable                        | —  | —                                | 277                                       | —               |
| Due From Other Funds                       | 407  | —                                | —   | —               |
| Prepaid Items                              | —  | —                                | 15  | —               |
| Restricted Assets                          |  |                                  |   |                 |
| Cash and Cash Equivalents                  | —  | —                                | 40,574                                    | —               |
| Investments                                | —  | —                                | 1,569                                     | —               |
| <b>Total Assets</b>                        | <b>\$ 831</b>  | <b>\$ 217</b>                    | <b>\$ 551,247</b>                         | <b>\$ 0</b>     |
| <b>Liabilities and Fund Balances</b>       |  |                                  |   |                 |
| <b>Liabilities:</b>                        |  |                                  |   |                 |
| Accounts Payable and Other Accruals        | \$ —   | \$ —                             | \$ 227                                    | \$ —            |
| Due to Other Funds                         | —  | —                                | 319,287                                   | —               |
| Commercial Paper Payable                   | —  | —                                | 45,000                                    | —               |
| Other Liabilities                          | —  | —                                | 196                                       | —               |
| <b>Total Liabilities</b>                   | <b>\$ 0</b>  | <b>\$ 0</b>                      | <b>\$ 364,710</b>                         | <b>\$ 0</b>     |
| <b>Fund Balances:</b>                      |  |                                  |   |                 |
| Reserved for Georgia Academy for the Blind | \$ —   | \$ —                             | \$ —                                      | \$ —            |
| Unreserved, Undesignated                   | 831  | 217                              | 186,537                                   | —               |
| <b>Total Fund Balances</b>                 | <b>\$ 831</b>  | <b>\$ 217</b>                    | <b>\$ 186,537</b>                         | <b>\$ 0</b>     |
| <b>Total Liabilities and Fund Balances</b> | <b>\$ 831</b>  | <b>\$ 217</b>                    | <b>\$ 551,247</b>                         | <b>\$ 0</b>     |

Capital Projects

| Georgia<br>Building<br>Authority<br>(Hospital) | Georgia<br>Building<br>Authority<br>(Markets) | Georgia<br>Building<br>Authority<br>(Penal) | Georgia<br>Education<br>Authority<br>(University) | Permanent<br>Fund | Total             |
|--|---|---|---|-------------------|-------------------|
| \$ —   | \$ 33   | \$ —  | \$ 2,793  | \$ 14             | \$ 440,983        |
| —  | 6   | —   | 477   | —                 | 71,793            |
| —  | —   | —   | —   | —                 | 277               |
| —  | —   | —   | —   | —                 | 407               |
| —  | —   | —   | —   | —                 | 15                |
| —  | —   | —   | —   | —                 | 40,574            |
| —  | —   | —   | —   | —                 | 1,569             |
| <u>\$ 0</u>                                    | <u>\$ 39</u>                                  | <u>\$ 0</u>                                 | <u>\$ 3,270</u>                                   | <u>\$ 14</u>      | <u>\$ 555,618</u> |
| \$ —   | \$ —  | \$ —  | \$ —  | \$ —              | \$ 227            |
| —  | —   | —   | —   | —                 | 319,287           |
| —  | —   | —   | —   | —                 | 45,000            |
| —  | —   | —   | —   | —                 | 196               |
| <u>\$ 0</u>                                    | <u>\$ 0</u>                                   | <u>\$ 0</u>                                 | <u>\$ 0</u>                                       | <u>\$ 0</u>       | <u>\$ 364,710</u> |
| \$ —   | \$ —  | \$ —  | \$ —  | \$ 14             | \$ 14             |
| —  | 39  | —   | 3,270   | —                 | 190,894           |
| <u>\$ 0</u>                                    | <u>\$ 39</u>                                  | <u>\$ 0</u>                                 | <u>\$ 3,270</u>                                   | <u>\$ 14</u>      | <u>\$ 190,908</u> |
| <u>\$ 0</u>                                    | <u>\$ 39</u>                                  | <u>\$ 0</u>                                 | <u>\$ 3,270</u>                                   | <u>\$ 14</u>      | <u>\$ 555,618</u> |

# State of Georgia

## Combining Statement of Revenues, Expenditures and Changes in Fund Balances

### Nonmajor Governmental Funds

For the Fiscal Year Ended June 30, 2007

(expressed in thousands)

|   | Special Revenue  |                                  |   |                 |
|---|--|----------------------------------|---|-----------------|
|   | Georgia<br>Economic<br>Development<br>Foundation, Inc. | Georgia<br>Tourism<br>Foundation | State<br>Road and<br>Tollway<br>Authority | Debt<br>Service |
| Revenues:   |  |                                  |   |                 |
| Intergovernmental - Other   | \$ —   | \$ —                             | \$ 244                                    | \$ —            |
| Sales and Services  | 109  | 4                                | —   | —               |
| Interest and Other Investment Income  | 10   | 20                               | 27,949                                    | —               |
| Rents and Royalties   | —  | —                                | —   | —               |
| Contributions and Donations   | 194  | 54                               | —   | —               |
| Other   | —  | —                                | 141                                       | —               |
| Total Revenues  | \$ 313   | \$ 78                            | \$ 28,334                                 | \$ 0            |
| Expenditures:   |  |                                  |   |                 |
| General Government  | \$ —   | \$ —                             | \$ —                                      | \$ —            |
| Education   | —  | —                                | —   | —               |
| Transportation  | —  | —                                | 7,116                                     | —               |
| Economic Development and Assistance   | 904  | 1,098                            | —   | —               |
| Capital Outlay  | —  | —                                | —   | —               |
| Debt Service  |  |                                  |   |                 |
| Principal   | —  | —                                | 47,955                                    | 631,185         |
| Interest  | —  | —                                | 48,748                                    | 360,755         |
| Accrued Interest on Bonds Retired in Advance  | —  | —                                | —   | 128             |
| Discount on Bonds Retired in Advance  | —  | —                                | —   | (13,600)        |
| Other Debt Service Expenditures   | —  | —                                | —   | 218             |
| Total Expenditures  | \$ 904   | \$ 1,098                         | \$ 103,819                                | \$ 978,686      |
| Excess (Deficiency) of Revenues Over<br>(Under) Expenditures  | \$ (591)   | \$ (1,020)                       | \$ (75,485)                               | \$ (978,686)    |
| Other Financing Sources (Uses):   |  |                                  |   |                 |
| Debt Issuance - Refunding Bonds   | \$ —   | \$ —                             | \$ —                                      | \$ 213,720      |
| Debt Issuance - Revenue Bonds   | —  | —                                | 450,000                                   | —               |
| Debt Issuance - Refunding Bonds - Premium   | —  | —                                | —   | 18,922          |
| Debt Issuance - Revenue Bonds - Premium   | —  | —                                | 19,967                                    | —               |
| Debt Issuance - Refunding Bonds - Accrued Interest  | —  | —                                | —   | 742             |
| Payment to Refunded Bond Escrow Agent   | —  | —                                | —   | (235,516)       |
| Operating Transfers In  | 424  | 1,016                            | 93,823                                    | 980,818         |
| Operating Transfers Out   | —  | —                                | (410,245)                                 | —               |
| Net Other Financing Sources (Uses)  | \$ 424   | \$ 1,016                         | \$ 153,545                                | \$ 978,686      |
| Excess (Deficiency) of Revenues and Other Financing Sources<br>Over (Under) Expenditures and Other Financing Uses | \$ (167)   | \$ (4)                           | \$ 78,060                                 | \$ 0            |
| Fund Balances, July 1   | 998  | 221                              | 0   | 0               |
| Adjustment for Blending of State Road and Tollway Authority   | —  | —                                | 108,477                                   | —               |
| Fund Balances, June 30  | \$ 831   | \$ 217                           | \$ 186,537                                | \$ 0            |

| Capital Projects                               |   |   |   |                   |                |
|--|---|---|---|-------------------|----------------|
| Georgia<br>Building<br>Authority<br>(Hospital) | Georgia<br>Building<br>Authority<br>(Markets) | Georgia<br>Building<br>Authority<br>(Penal) | Georgia<br>Education<br>Authority<br>(University) | Permanent<br>Fund | Total          |
| \$ —   | \$ —  | \$ —  | \$ —  | \$ —              | 244            |
| —  | —   | —   | —   | —                 | 113            |
| —  | 2   | —   | 297   | 1                 | 28,279         |
| —  | —   | —   | 76  | —                 | 76             |
| —  | —   | —   | —   | —                 | 248            |
| —  | —   | —   | —   | —                 | 141            |
| \$ 0   | \$ 2  | \$ 0  | \$ 373  | \$ 1              | \$ 29,101      |
| \$ —   | \$ 7  | \$ —  | \$ 6  | \$ —              | 13             |
| —  | —   | —   | —   | 1                 | 1              |
| —  | —   | —   | —   | —                 | 7,116          |
| —  | —   | —   | —   | —                 | 2,002          |
| —  | 29  | —   | —   | —                 | 29             |
| —  | —   | —   | 76  | —                 | 679,216        |
| —  | —   | —   | 129   | —                 | 409,632        |
| —  | —   | —   | —   | —                 | 128            |
| —  | —   | —   | —   | —                 | (13,600)       |
| —  | —   | —   | —   | —                 | 218            |
| \$ 0   | \$ 36   | \$ 0  | \$ 211  | \$ 1              | \$ 1,084,755   |
| \$ 0   | \$ (34)                                       | \$ 0  | \$ 162  | \$ 0              | \$ (1,055,654) |
| \$ —   | \$ —  | \$ —  | \$ —  | \$ —              | 213,720        |
| —  | —   | —   | —   | —                 | 450,000        |
| —  | —   | —   | —   | —                 | 18,922         |
| —  | —   | —   | —   | —                 | 19,967         |
| —  | —   | —   | —   | —                 | 742            |
| —  | —   | —   | —   | —                 | (235,516)      |
| —  | —   | —   | —   | —                 | 1,076,081      |
| (4,130)  | —   | (1,955)                                     | —   | —                 | (416,330)      |
| \$ (4,130)                                     | \$ 0  | \$ (1,955)                                  | \$ 0  | \$ 0              | \$ 1,127,586   |
| \$ (4,130)                                     | \$ (34)                                       | \$ (1,955)                                  | \$ 162  | \$ 0              | \$ 71,932      |
| 4,130  | 73  | 1,955                                       | 3,108   | 14                | 10,499         |
| —  | —   | —   | —   | —                 | 108,477        |
| \$ 0   | \$ 39   | \$ 0  | \$ 3,270  | \$ 14             | \$ 190,908     |



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## INTERNAL SERVICE FUNDS

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# State of Georgia

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## Internal Service Funds

**Internal Service Funds** are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the government and to other government units, on a cost reimbursement basis. The State's internal service funds are described below:

The **Department of Administrative Services** delivers a variety of supportive services to all state agencies and, upon request, to local governments in Georgia. Among the services provided are purchasing, surplus property, printing, motor pool and building space management.

The **Georgia Building Authority** is primarily responsible for constructing and maintaining State office buildings, maintaining the grounds within the State Capitol complex, maintaining the Governor's Mansion and operating parking facilities.

The **Correctional Industries Administration** utilizes the inmate work force to manufacture products and provide services for the penal system, other units of state government and local governments.

The **Merit System of Personnel Administration** provides a career service to the classified employees in the executive branch based on the principles of merit, equal opportunity and freedom from political influence.

The **Agency for Removal of Hazardous Materials** administers a program for the abatement and removal of asbestos and other hazardous materials from the premises of the State, state authorities, counties, municipal corporations, local and independent school systems, and other units and authorities of government.

The **Risk Management** column is an accumulation of the funds used to account for self-insurance programs established by individual agreement, statute or administrative action:

The **Liability Insurance Fund** is used to account for the accumulation of funds for the purpose of providing liability insurance coverage for employees of the State against personal liability for damages arising out of performance of their duties.

The **Property Insurance Fund** is used to account for the assessment of premiums against various state agencies for the purpose of providing property, fire and extended coverage, automobile, aircraft and marina insurance.

The **State Indemnification Fund** is used to account for the accumulation of funds for the purpose of providing indemnification with respect to the death of any law enforcement officer, fireman or prison guard killed in the line of duty.

The **Supplemental Pay Fund** was created to provide a program of compensation for law enforcement officers who become physically disabled, but not permanently disabled, as a result of physical injury incurred in the line of duty and caused by a willful act of violence and for firefighters who become physically disabled, but not permanently disabled, as a result of physical injury incurred in the line of duty while fighting a fire. This program, not to exceed a 12 month period, shall entitle an injured law enforcement officer or firefighter to receive monthly compensation in an amount equal to such person's regular compensation for the period of time that the person is physically unable to perform the required duties of employment.

## Internal Service Funds

The **Teacher Indemnification Fund** is used to account for the accumulation of funds for the purpose of providing indemnification with respect to the death of any public school employees killed or permanently disabled by an act of violence in the line of duty on or after July 1, 2001.

The **Unemployment Compensation Fund** was created for the purpose of consolidating processing of unemployment compensation claims against state agencies and the payment of sums due to the Department of Labor.

The **Workers' Compensation Fund** was established to authorize insurance coverage for employees of the State and for the receipt of premiums as prescribed by the Workers' Compensation statutes of the State.

The **Georgia Technology Authority** was created to provide technology enterprise management and technology portfolio management to state and local governments.

# State of Georgia

## Combining Statement of Net Assets

### Internal Service Funds

June 30, 2007

(expressed in thousands)

|   | Administrative<br>Services,<br>Department of | Building<br>Authority,<br>Georgia | Correctional<br>Industries<br>Administration | Merit System<br>of Personnel<br>Administration |
|---|--|-----------------------------------|--|--|
| <b>Assets</b>   |  |                                   |  |  |
| Current Assets:   |  |                                   |  |  |
| Cash and Cash Equivalents                                     | \$ 4,744                                     | \$ 11,080                         | \$ 16,738                                    | \$ 3,320                                       |
| Investments   | 79   | 1,989                             | 1,549  | —  |
| Accounts Receivable (Net of Allowances for<br>Uncollectibles) | 70   | 1,378                             | 2,140  | 3,307  |
| Due from Other Funds  | —  | —                                 | —  | —  |
| Due from Component Units                                      | —  | —                                 | —  | —  |
| Intergovernmental Receivables                                 | —  | —                                 | —  | —  |
| Inventories   | —  | 437                               | 7,534  | —  |
| Prepaid Items   | 83   | 191                               | 25   | —  |
| Noncurrent Assets:  |  |                                   |  |  |
| Investments   | —  | —                                 | —  | —  |
| Capital Assets:   |  |                                   |  |  |
| Land  | —  | 21,455                            | 44   | —  |
| Buildings and Building Improvements                           | 339  | 384,824                           | 11,534                                       | —  |
| Improvements Other Than Buildings                             | —  | 5,160                             | —  | —  |
| Machinery and Equipment                                       | 2,596  | 3,029                             | 17,875                                       | 715  |
| Software  | —  | —                                 | —  | —  |
| Works of Art and Collections                                  | —  | 1,240                             | —  | —  |
| Accumulated Depreciation                                      | (2,342)                                      | (148,351)                         | (22,162)                                     | (704)  |
| Total Assets  | \$ 5,569                                     | \$ 282,432                        | \$ 35,277                                    | \$ 6,638                                       |
| <b>Liabilities</b>  |  |                                   |  |  |
| Current Liabilities:  |  |                                   |  |  |
| Accounts Payable and Other Accruals                           | \$ 674                                       | \$ 3,249                          | \$ 171                                       | \$ 707   |
| Due to Other Funds  | 8  | 17                                | 5  | —  |
| Salaries/Withholdings Payable                                 | 2  | 13                                | —  | 10   |
| Funds Held for Others   | —  | —                                 | —  | 2  |
| Unearned Revenue  | 134  | —                                 | —  | —  |
| Customer Deposits   | 6  | —                                 | —  | —  |
| Claims and Judgments Payable                                  | —  | —                                 | —  | —  |
| Compensated Absences Payable - Current                        | 614  | 980                               | 286  | 324  |
| Capital Leases Payable - Current                              | —  | —                                 | —  | —  |
| Noncurrent Liabilities:                                       |  |                                   |  |  |
| Compensated Absences Payable                                  | 850  | —                                 | 578  | 499  |
| Capital Leases Payable  | —  | —                                 | —  | —  |
| Total Liabilities   | \$ 2,288                                     | \$ 4,259                          | \$ 1,040                                     | \$ 1,542                                       |
| <b>Net Assets</b>   |  |                                   |  |  |
| Invested in Capital Assets, Net of Related Debt               | \$ 593                                       | \$ 267,357                        | \$ 7,291                                     | \$ 11  |
| Restricted for:   |  |                                   |  |  |
| Distance Learning and Telemedicine                            | —  | —                                 | —  | —  |
| Surplus Property Working Capital                              | 2,355  | —                                 | —  | —  |
| Unrestricted  | 333  | 10,816                            | 26,946                                       | 5,085  |
| Total Net Assets  | \$ 3,281                                     | \$ 278,173                        | \$ 34,237                                    | \$ 5,096                                       |

| Removal of<br>Hazardous<br>Materials,<br>Agency for | Risk<br>Management<br>(see combining) | Technology<br>Authority,<br>Georgia | Total      |
|---|---------------------------------------|-------------------------------------|------------|
| \$ 89   | \$ 68,793                             | \$ 66,942                           | \$ 171,706 |
| —   | 19,465                                | 8,866                               | 31,948     |
| 2   | 18,610                                | 5,419                               | 30,926     |
| —   | 165,675                               | 16,803                              | 182,478    |
| —   | —                                     | 198                                 | 198        |
| —   | —                                     | 73                                  | 73         |
| —   | —                                     | 631                                 | 8,602      |
| —   | —                                     | 771                                 | 1,070      |
| —   | 133,097                               | —                                   | 133,097    |
| —   | —                                     | 31                                  | 21,530     |
| —   | —                                     | 1,020                               | 397,717    |
| —   | —                                     | —                                   | 5,160      |
| 586   | —                                     | 91,668                              | 116,469    |
| —   | —                                     | 58,094                              | 58,094     |
| —   | —                                     | —                                   | 1,240      |
| (580)   | —                                     | (108,094)                           | (282,233)  |
| \$ 97   | \$ 405,640                            | \$ 142,422                          | \$ 878,075 |
| \$ 279  | \$ 165                                | \$ 9,465                            | \$ 14,710  |
| —   | —                                     | 738                                 | 768        |
| —   | 4                                     | —                                   | 29         |
| —   | —                                     | —                                   | 2          |
| —   | —                                     | 213                                 | 347        |
| —   | —                                     | —                                   | 6          |
| —   | 342,358                               | —                                   | 342,358    |
| —   | —                                     | 1,832                               | 4,036      |
| —   | —                                     | 2,337                               | 2,337      |
| —   | —                                     | 2,672                               | 4,599      |
| —   | —                                     | 2,623                               | 2,623      |
| \$ 279  | \$ 342,527                            | \$ 19,880                           | \$ 371,815 |
| \$ 6  | \$ —                                  | \$ 37,759                           | \$ 313,017 |
| —   | —                                     | 814                                 | 814        |
| —   | —                                     | —                                   | 2,355      |
| (188)   | 63,113                                | 83,969                              | 190,074    |
| \$ (182)  | \$ 63,113                             | \$ 122,542                          | \$ 506,260 |

# State of Georgia

## Combining Statement of Revenues, Expenses and Changes in Fund Net Assets

### Internal Service Funds

For the Fiscal Year Ended June 30, 2007

(expressed in thousands)

|  | Administrative<br>Services,<br>Department of | Building<br>Authority,<br>Georgia | Correctional<br>Industries<br>Administration |
|--|--|-----------------------------------|--|
| Operating Revenues:                              |  |                                   |  |
| Contributions/Premiums                           | \$ —   | \$ —                              | \$ —   |
| Rents and Royalties                              | —  | 45,342                            | —  |
| Sales and Services                               | 5,766  | 6,747                             | 25,959                                       |
| Other  | 279  | 179                               | —  |
| Total Operating Revenues                         | \$ 6,045                                     | \$ 52,268                         | \$ 25,959                                    |
| Operating Expenses:                              |  |                                   |  |
| Personal Services                                | \$ 2,836                                     | \$ 11,213                         | \$ 7,574                                     |
| Services and Supplies                            | 2,972  | 39,531                            | 17,885                                       |
| Claims and Judgments                             | —  | —                                 | —  |
| Depreciation                                     | 246  | 12,999                            | 1,884  |
| Total Operating Expenses                         | \$ 6,054                                     | \$ 63,743                         | \$ 27,343                                    |
| Operating Income (Loss)                          | \$ (9)                                       | \$ (11,475)                       | \$ (1,384)                                   |
| Nonoperating Revenues (Expenses):                |  |                                   |  |
| Interest and Other Investment Income             | \$ 174                                       | \$ 1,078                          | \$ 938                                       |
| Interest Expense                                 | —  | —                                 | —  |
| Other  | (48)   | (940)                             | 309  |
| Total Nonoperating Revenues (Expenses)           | \$ 126                                       | \$ 138                            | \$ 1,247                                     |
| Income (Loss) Before Contributions and Transfers | \$ 117                                       | \$ (11,337)                       | \$ (137)                                     |
| Capital Contributions                            | \$ —   | \$ 3,055                          | \$ —   |
| Transfers:                                       |  |                                   |  |
| Transfers In                                     | \$ 18  | \$ 25,704                         | \$ —   |
| Transfers Out                                    | —  | (8,792)                           | —  |
| Net Transfers                                    | \$ 18  | \$ 16,912                         | \$ 0   |
| Change in Net Assets                             | \$ 135                                       | \$ 8,630                          | \$ (137)                                     |
| Net Assets, July 1                               | 2,016  | 269,543                           | 34,374                                       |
| Adjustments                                      | 1,130  | —                                 | —  |
| Net Assets, June 30                              | \$ 3,281                                     | \$ 278,173                        | \$ 34,237                                    |

| <u>Merit System<br/>of Personnel<br/>Administration</u> | <u>Removal of<br/>Hazardous<br/>Materials,<br/>Agency for</u> | <u>Risk<br/>Management<br/>(see combining)</u> | <u>Technology<br/>Authority,<br/>Georgia</u> | <u>Total</u>       |
|---|---|--|--|--------------------|
| \$ —  | \$ —  | \$ 84,649                                      | \$ —   | \$ 84,649          |
| —   | —   | —  | —  | 45,342             |
| 16,172  | —   | —  | 173,454                                      | 228,098            |
| —   | —   | 79   | —  | 537                |
| <u>\$ 16,172</u>  | <u>\$ 0</u>   | <u>\$ 84,728</u>                               | <u>\$ 173,454</u>                            | <u>\$ 358,626</u>  |
| \$ 8,384  | \$ —  | \$ 1,818                                       | \$ 47,013                                    | \$ 78,838          |
| 6,784   | 4   | 26,217   | 124,685                                      | 218,078            |
| —   | —   | 76,715   | —  | 76,715             |
| <u>12</u>   | <u>2</u>  | <u>—</u>                                       | <u>12,018</u>                                | <u>27,161</u>      |
| <u>\$ 15,180</u>  | <u>\$ 6</u>   | <u>\$ 104,750</u>                              | <u>\$ 183,716</u>                            | <u>\$ 400,792</u>  |
| <u>\$ 992</u>   | <u>\$ (6)</u>   | <u>\$ (20,022)</u>                             | <u>\$ (10,262)</u>                           | <u>\$ (42,166)</u> |
| \$ —  | \$ —  | \$ 15,794                                      | \$ 3,614                                     | \$ 21,598          |
| —   | —   | —  | (252)  | (252)              |
| <u>—</u>  | <u>—</u>  | <u>12,720</u>                                  | <u>2,283</u>                                 | <u>14,324</u>      |
| <u>\$ 0</u>   | <u>\$ 0</u>   | <u>\$ 28,514</u>                               | <u>\$ 5,645</u>                              | <u>\$ 35,670</u>   |
| <u>\$ 992</u>   | <u>\$ (6)</u>   | <u>\$ 8,492</u>                                | <u>\$ (4,617)</u>                            | <u>\$ (6,496)</u>  |
| <u>\$ —</u>   | <u>\$ —</u>   | <u>\$ —</u>                                    | <u>\$ —</u>                                  | <u>\$ 3,055</u>    |
| \$ —  | \$ 85   | \$ —   | \$ 4,397                                     | \$ 30,204          |
| —   | —   | —  | (1,472)                                      | (10,264)           |
| <u>0</u>  | <u>85</u>   | <u>0</u>                                       | <u>2,925</u>                                 | <u>19,940</u>      |
| \$ 992  | \$ 79   | \$ 8,492                                       | \$ (1,692)                                   | \$ 16,499          |
| 4,104   | (261)   | 54,621   | 0  | 364,397            |
| <u>—</u>  | <u>—</u>  | <u>—</u>                                       | <u>124,234</u>                               | <u>125,364</u>     |
| <u>\$ 5,096</u>   | <u>\$ (182)</u>   | <u>\$ 63,113</u>                               | <u>\$ 122,542</u>                            | <u>\$ 506,260</u>  |



# State of Georgia

## Combining Statement of Cash Flows

### Internal Service Funds

For the Fiscal Year Ended June 30, 2007

(expressed in thousands)

|  | Administrative<br>Services,<br>Department of | Building<br>Authority,<br>Georgia |
|--|--|-----------------------------------|
| Cash Flows from Operating Activities:                          |  |                                   |
| Cash Received from Customers                                   | \$ 5,673                                     | \$ 51,689                         |
| Cash Received from Required Contributions/Premiums             | —  | —                                 |
| Cash Paid to Vendors   | (2,699)                                      | (39,610)                          |
| Cash Paid to Employees   | (2,500)                                      | (11,317)                          |
| Cash Paid for Claims and Judgments                             | —  | —                                 |
| Other Operating Items  | —  | —                                 |
| Net Cash Provided by (Used in) Operating Activities            | \$ 474                                       | \$ 762                            |
| Cash Flows from Noncapital Financing Activities:               |  |                                   |
| Transfers from Other Funds                                     | \$ 18  | \$ —                              |
| Transfers to Other Funds                                       | —  | (8,792)                           |
| Other Noncapital Items (Net)                                   | 1,130  | —                                 |
| Net Cash Provided by (Used in) Noncapital Financing Activities | \$ 1,148                                     | \$ (8,792)                        |
| Cash Flows from Capital and Related Financing Activities:      |  |                                   |
| Capital Contributions  | \$ —   | \$ 1,487                          |
| Proceeds from Sale of Capital Assets                           | —  | —                                 |
| Acquisition and Construction of Capital Assets                 | (518)  | (5,164)                           |
| Principal Paid on Capital Debt                                 | —  | —                                 |
| Interest Paid on Capital Debt                                  | —  | —                                 |
| Net Cash Used in Capital and Related Financing Activities      | \$ (518)                                     | \$ (3,677)                        |
| Cash Flows from Investing Activities:                          |  |                                   |
| Sale (Purchase) of Investments (Net)                           | \$ 250                                       | \$ 5,622                          |
| Interest and Dividends Received                                | 174  | 1,078                             |
| Net Cash Provided by Investing Activities                      | \$ 424                                       | \$ 6,700                          |
| Net Increase (Decrease) in Cash and Cash Equivalents           | \$ 1,528                                     | \$ (5,007)                        |
| Cash and Cash Equivalents, July 1                              | 3,216  | 16,087                            |
| Cash and Cash Equivalents, June 30                             | \$ 4,744                                     | \$ 11,080                         |

| <u>Correctional<br/>Industries<br/>Administration</u> | <u>Merit System<br/>of Personnel<br/>Administration</u> | <u>Removal of<br/>Hazardous<br/>Materials,<br/>Agency for</u> | <u>Risk<br/>Management<br/>(see combining)</u> | <u>Technology<br/>Authority,<br/>Georgia</u> | <u>Total</u>       |
|---|---|---|--|--|--------------------|
| \$ 25,414   | \$ 15,071   | \$ —  | \$ —   | \$ 172,738                                   | \$ 270,585         |
| —   | —   | —   | 41,460   | —  | 41,460             |
| (18,555)  | (6,356)   | —   | (26,740)                                       | (117,378)                                    | (211,338)          |
| (7,447)   | (8,225)   | —   | (1,817)  | (46,308)                                     | (77,614)           |
| —   | —   | —   | (107,605)                                      | —  | (107,605)          |
| —   | 2   | —   | 79   | —  | 81                 |
| <u>\$ (588)</u>                                       | <u>\$ 492</u>   | <u>\$ 0</u>   | <u>\$ (94,623)</u>                             | <u>\$ 9,052</u>                              | <u>\$ (84,431)</u> |
| \$ —  | \$ —  | \$ 85   | \$ —   | \$ 4,397                                     | \$ 4,500           |
| —   | —   | —   | —  | (1,472)                                      | (10,264)           |
| 299   | —   | —   | 12,720   | 56,927                                       | 71,076             |
| <u>\$ 299</u>   | <u>\$ 0</u>   | <u>\$ 85</u>  | <u>\$ 12,720</u>                               | <u>\$ 59,852</u>                             | <u>\$ 65,312</u>   |
| \$ —  | \$ —  | \$ —  | \$ —   | \$ —   | \$ 1,487           |
| 15  | —   | —   | —  | —  | 15                 |
| (659)   | —   | —   | —  | (12,567)                                     | (18,908)           |
| —   | —   | —   | —  | (2,382)                                      | (2,382)            |
| —   | —   | —   | —  | (252)  | (252)              |
| <u>\$ (644)</u>                                       | <u>\$ 0</u>   | <u>\$ 0</u>   | <u>\$ 0</u>                                    | <u>\$ (15,201)</u>                           | <u>\$ (20,040)</u> |
| \$ 1,966  | \$ —  | \$ —  | \$ 95,346                                      | \$ 9,625                                     | \$ 112,809         |
| 938   | —   | —   | 11,603   | 3,614  | 17,407             |
| <u>\$ 2,904</u>                                       | <u>\$ 0</u>   | <u>\$ 0</u>   | <u>\$ 106,949</u>                              | <u>\$ 13,239</u>                             | <u>\$ 130,216</u>  |
| \$ 1,971  | \$ 492  | \$ 85   | \$ 25,046                                      | \$ 66,942                                    | \$ 91,057          |
| 14,767  | 2,828   | 4   | 43,747   | 0  | 80,649             |
| <u>\$ 16,738</u>                                      | <u>\$ 3,320</u>   | <u>\$ 89</u>  | <u>\$ 68,793</u>                               | <u>\$ 66,942</u>                             | <u>\$ 171,706</u>  |

(continued)

# State of Georgia

## Combining Statement of Cash Flows

### Internal Service Funds (continued)

For the Fiscal Year Ended June 30, 2007

(expressed in thousands)

|   | Administrative<br>Services,<br>Department of | Building<br>Authority,<br>Georgia |
|---|--|-----------------------------------|
| Operating Income (Loss)   | \$ (9)                                       | \$ (11,475)                       |
| Adjustments to Reconcile Operating Income (Loss) to<br>Net Cash Provided by (Used in) Operating Activities: |  |                                   |
| Depreciation Expense  | 246  | 12,999                            |
| Changes in Assets and Liabilities:  |  |                                   |
| Decrease (Increase) in Accounts Receivable  | 140  | (397)                             |
| Increase in Due from Other Funds  | —  | —                                 |
| Increase in Due from Component Units  | —  | —                                 |
| Increase in Intergovernmental Receivables   | —  | —                                 |
| Decrease (Increase) in Inventories  | 42   | 49                                |
| Decrease (Increase) in Prepaid Items  | 36   | (79)                              |
| Increase (Decrease) in Accounts Payable and Other Accruals  | 187  | 18                                |
| Increase (Decrease) in Due to Other Funds   | 8  | (67)                              |
| Increase (Decrease) in Salaries/Withholdings Payable  | 1  | (8)                               |
| Increase in Funds Held for Others   | —  | —                                 |
| Increase (Decrease) in Unearned Revenue   | (512)  | (182)                             |
| Decrease in Claims and Judgments Payable  | —  | —                                 |
| Increase (Decrease) in Compensated Absences Payable   | 335  | (96)                              |
| Net Cash Provided by (Used in) Operating Activities   | \$ <u>474</u>                                | \$ <u>762</u>                     |
| Noncash Investing, Capital, and Financing Activities:   |  |                                   |
| Acquisition of Capital Assets through Capital Leases  | \$ —   | \$ —                              |
| Donation of Capital Assets  | —  | 27,272                            |
| Net Increase in Fair Value of Investments   | —  | —                                 |

| <u>Correctional<br/>Industries<br/>Administration</u> | <u>Merit System<br/>of Personnel<br/>Administration</u> | <u>Removal of<br/>Hazardous<br/>Materials,<br/>Agency for</u> | <u>Risk<br/>Management<br/>(see combining)</u> | <u>Technology<br/>Authority,<br/>Georgia</u> | <u>Total</u>       |
|---|---|---|--|--|--------------------|
| \$ (1,384)  | \$ 992  | \$ (6)  | \$ (20,022)                                    | \$ (10,262)                                  | \$ (42,166)        |
| 1,884   | 12  | 2   | —  | 12,018                                       | 27,161             |
| (545)   | (1,101)   | 4   | (594)  | 1,995  | (498)              |
| —   | —   | —   | (42,595)                                       | (2,730)                                      | (45,325)           |
| —   | —   | —   | —  | (105)  | (105)              |
| —   | —   | —   | —  | (15)   | (15)               |
| (400)   | —   | —   | —  | (74)   | (383)              |
| (2)   | —   | —   | —  | (771)  | (816)              |
| (273)   | 428   | —   | (523)  | 8,069  | 7,906              |
| 5   | —   | —   | —  | 83   | 29                 |
| —   | 10  | —   | 1  | (94)   | (90)               |
| —   | 2   | —   | —  | —  | 2                  |
| —   | —   | —   | —  | 139  | (555)              |
| —   | —   | —   | (30,890)                                       | —  | (30,890)           |
| 127   | 149   | —   | —  | 799  | 1,314              |
| <u>\$ (588)</u>                                       | <u>\$ 492</u>   | <u>\$ 0</u>   | <u>\$ (94,623)</u>                             | <u>\$ 9,052</u>                              | <u>\$ (84,431)</u> |
| \$ —  | \$ —  | \$ —  | \$ —   | \$ 4,052                                     | \$ 4,052           |
| —   | —   | —   | —  | —  | 27,272             |
| —   | —   | —   | 4,191  | —  | 4,191              |

# State of Georgia

## Combining Statement of Net Assets

### Internal Service Funds

### Risk Management

June 30, 2007

(expressed in thousands)

|  | Liability<br>Insurance<br>Fund | Property<br>Insurance<br>Fund |
|--|--------------------------------|-------------------------------|
| <b>Assets</b>  |                                |                               |
| Current Assets:  |                                |                               |
| Cash and Cash Equivalents                                  | \$ 46,579                      | \$ 7,598                      |
| Investments  | 13,179                         | 2,150                         |
| Accounts Receivable (Net of Allowances for Uncollectibles) | —                              | 128                           |
| Due From Other Funds                                       | —                              | —                             |
| Noncurrent Assets:   |                                |                               |
| Investments  | 90,120                         | 14,701                        |
| Total Assets   | \$ 149,878                     | \$ 24,577                     |
| <b>Liabilities</b>   |                                |                               |
| Current Liabilities:                                       |                                |                               |
| Accounts Payable and Other Accruals                        | \$ 91                          | \$ 25                         |
| Salaries/Withholdings Payable                              | 2                              | 1                             |
| Claims and Judgments Payable                               | 117,872                        | 4,609                         |
| Total Liabilities  | \$ 117,965                     | \$ 4,635                      |
| <b>Net Assets</b>  |                                |                               |
| Unrestricted   | \$ 31,913                      | \$ 19,942                     |

| <u>State<br/>Indemnification<br/>Fund</u> | <u>Supplemental<br/>Pay Fund</u> | <u>Teacher<br/>Indemnification<br/>Fund</u> | <u>Unemployment<br/>Compensation<br/>Fund</u> | <u>Workers'<br/>Compensation<br/>Fund</u> | <u>Total</u>      |
|---|----------------------------------|---|---|---|-------------------|
| \$ 143                                    | \$ 1,557                         | \$ 581                                      | \$ 2,658                                      | \$ 9,677                                  | \$ 68,793         |
| 40  | 441                              | 165   | 752   | 2,738                                     | 19,465            |
| —   | —                                | —   | 2   | 18,480                                    | 18,610            |
| —   | —                                | —   | —   | 165,675                                   | 165,675           |
| <u>275</u>                                | <u>3,012</u>                     | <u>1,124</u>                                | <u>5,142</u>                                  | <u>18,723</u>                             | <u>133,097</u>    |
| \$ <u>458</u>                             | \$ <u>5,010</u>                  | \$ <u>1,870</u>                             | \$ <u>8,554</u>                               | \$ <u>215,293</u>                         | \$ <u>405,640</u> |
| \$ 3                                      | \$ —                             | \$ —  | \$ 3  | \$ 43                                     | \$ 165            |
| —   | —                                | —   | —   | 1   | 4                 |
| <u>816</u>                                | <u>—</u>                         | <u>—</u>                                    | <u>3,812</u>                                  | <u>215,249</u>                            | <u>342,358</u>    |
| \$ <u>819</u>                             | \$ <u>0</u>                      | \$ <u>0</u>                                 | \$ <u>3,815</u>                               | \$ <u>215,293</u>                         | \$ <u>342,527</u> |
| \$ <u>(361)</u>                           | \$ <u>5,010</u>                  | \$ <u>1,870</u>                             | \$ <u>4,739</u>                               | \$ <u>0</u>                               | \$ <u>63,113</u>  |

# State of Georgia

## Combining Statement of Revenues, Expenses and Changes in Fund Net Assets

### Internal Service Funds

### Risk Management

For the Fiscal Year Ended June 30, 2007

(expressed in thousands)

|                                      | Liability<br>Insurance<br>Fund | Property<br>Insurance<br>Fund | State<br>Indemnification<br>Fund |
|--------------------------------------|--------------------------------|-------------------------------|----------------------------------|
| Operating Revenues:                  |                                |                               |                                  |
| Contributions/Premiums               | \$ 1,946                       | \$ 12,842                     | \$ —                             |
| Other                                | 72                             | 3                             | —                                |
| Total Operating Revenues             | \$ 2,018                       | \$ 12,845                     | \$ 0                             |
| Operating Expenses:                  |                                |                               |                                  |
| Personal Services                    | \$ 422                         | \$ 464                        | \$ 25                            |
| Services and Supplies                | 6,119                          | 13,058                        | 56                               |
| Claims and Judgments                 | (1,417)                        | 3,833                         | 358                              |
| Total Operating Expenses             | \$ 5,124                       | \$ 17,355                     | \$ 439                           |
| Operating Income (Loss)              | \$ (3,106)                     | \$ (4,510)                    | \$ (439)                         |
| Nonoperating Revenues:               |                                |                               |                                  |
| Interest and Other Investment Income | \$ 9,479                       | \$ 1,458                      | \$ 46                            |
| Insurance Recoveries                 | —                              | 1,343                         | —                                |
| Total Nonoperating Revenues          | \$ 9,479                       | \$ 2,801                      | \$ 46                            |
| Change in Net Assets                 | \$ 6,373                       | \$ (1,709)                    | \$ (393)                         |
| Net Assets, July 1                   | 25,540                         | 21,651                        | 32                               |
| Net Assets, June 30                  | \$ 31,913                      | \$ 19,942                     | \$ (361)                         |

| <u>Supplemental<br/>Pay Fund</u> | <u>Teacher<br/>Indemnification<br/>Fund</u> | <u>Unemployment<br/>Compensation<br/>Fund</u> | <u>Workers'<br/>Compensation<br/>Fund</u> | <u>Total</u> |
|----------------------------------|---|---|---|--------------|
| \$ —                             | \$ 222                                      | \$ 11,406                                     | \$ 58,233                                 | \$ 84,649    |
| —                                | —   | —   | 4   | 79           |
| \$ 0                             | \$ 222                                      | \$ 11,406                                     | \$ 58,237                                 | \$ 84,728    |
| \$ —                             | \$ —  | \$ 16   | \$ 891                                    | \$ 1,818     |
| 8                                | 2   | 126   | 6,848                                     | 26,217       |
| 16                               | —   | 8,007   | 65,918                                    | 76,715       |
| \$ 24                            | \$ 2  | \$ 8,149                                      | \$ 73,657                                 | \$ 104,750   |
| \$ (24)                          | \$ 220                                      | \$ 3,257                                      | \$ (15,420)                               | \$ (20,022)  |
| \$ 275                           | \$ 93                                       | \$ 400  | \$ 4,043                                  | \$ 15,794    |
| —                                | —   | —   | 11,377                                    | 12,720       |
| \$ 275                           | \$ 93                                       | \$ 400  | \$ 15,420                                 | \$ 28,514    |
| \$ 251                           | \$ 313                                      | \$ 3,657                                      | \$ 0                                      | \$ 8,492     |
| 4,759                            | 1,557                                       | 1,082   | 0   | 54,621       |
| \$ 5,010                         | \$ 1,870                                    | \$ 4,739                                      | \$ 0                                      | \$ 63,113    |



# State of Georgia

## Combining Statement of Cash Flows

### Internal Service Funds

### Risk Management

For the Fiscal Year Ended June 30, 2007

(expressed in thousands)

|   | Liability<br>Insurance<br>Fund | Property<br>Insurance<br>Fund | State<br>Indemnification<br>Fund |
|---|--------------------------------|-------------------------------|----------------------------------|
| Cash Flows from Operating Activities:   |                                |                               |                                  |
| Cash Received from Required Contributions/Premiums  | \$ 1,946                       | \$ 12,717                     | \$ —                             |
| Cash Paid to Vendors  | (6,235)                        | (13,178)                      | (63)                             |
| Cash Paid to Employees  | (420)                          | (464)                         | (25)                             |
| Cash Paid for Claims and Judgments  | (26,869)                       | (7,014)                       | (381)                            |
| Other Operating Items   | 72                             | 3                             | —                                |
| Net Cash Provided by (Used in) Operating Activities   | \$ (31,506)                    | \$ (7,936)                    | \$ (469)                         |
| Cash Flows from Noncapital Financing Activities:  |                                |                               |                                  |
| Other Noncapital Items (Net)  | \$ —                           | \$ 1,343                      | \$ —                             |
| Cash Flows from Investing Activities:   |                                |                               |                                  |
| Sale (Purchase) of Investments (Net)  | \$ 44,852                      | \$ 8,656                      | \$ 446                           |
| Interest and Dividends Received   | 7,067                          | 1,034                         | 32                               |
| Net Cash Provided by (Used in) Investing Activities   | \$ 51,919                      | \$ 9,690                      | \$ 478                           |
| Net Increase (Decrease) in Cash and Cash Equivalents  | \$ 20,413                      | \$ 3,097                      | \$ 9                             |
| Cash and Cash Equivalents, July 1   | 26,166                         | 4,501                         | 134                              |
| Cash and Cash Equivalents, June 30  | \$ 46,579                      | \$ 7,598                      | \$ 143                           |
| Operating Income (Loss)   | \$ (3,106)                     | \$ (4,510)                    | \$ (439)                         |
| Adjustments to Reconcile Operating Income (Loss) to<br>Net Cash Provided by (Used in) Operating Activities: |                                |                               |                                  |
| Changes in Assets and Liabilities:  |                                |                               |                                  |
| Decrease (Increase) in Accounts Receivable  | —                              | (125)                         | —                                |
| Increase in Due From Other Funds  | —                              | —                             | —                                |
| Decrease in Accounts Payable and Other Accruals   | (116)                          | (120)                         | (7)                              |
| Increase (Decrease) in Salaries and Withholdings Payable  | 2                              | —                             | —                                |
| Increase (Decrease) in Claims and Judgments Payable   | (28,286)                       | (3,181)                       | (23)                             |
| Net Cash Provided by (Used in) Operating Activities   | \$ (31,506)                    | \$ (7,936)                    | \$ (469)                         |
| Noncash Investing Activities:   |                                |                               |                                  |
| Net Increase in Fair Value of Investments   | \$ 2,412                       | \$ 424                        | \$ 14                            |

| <u>Supplemental<br/>Pay Fund</u> | <u>Teacher<br/>Indemnification<br/>Fund</u> | <u>Unemployment<br/>Compensation<br/>Fund</u> | <u>Workers'<br/>Compensation<br/>Fund</u> | <u>Total</u>    |
|----------------------------------|---|---|---|-----------------|
| \$ —                             | \$ 222                                      | \$ 11,446                                     | \$ 15,129                                 | \$ 41,460       |
| (8)                              | (2)   | (127)   | (7,127)                                   | (26,740)        |
| —                                | —   | (16)  | (892)                                     | (1,817)         |
| (16)                             | —   | (7,519)                                       | (65,806)                                  | (107,605)       |
| —                                | —   | —   | 4   | 79              |
| <u>(24)</u>                      | <u>220</u>                                  | <u>3,784</u>                                  | <u>(58,692)</u>                           | <u>(94,623)</u> |
| \$ —                             | \$ —  | \$ —  | \$ 11,377                                 | \$ 12,720       |
| \$ 645                           | \$ 50                                       | \$ (2,152)                                    | \$ 42,849                                 | \$ 95,346       |
| 212                              | 74  | 362   | 2,822                                     | 11,603          |
| <u>857</u>                       | <u>124</u>                                  | <u>(1,790)</u>                                | <u>45,671</u>                             | <u>106,949</u>  |
| \$ 833                           | \$ 344                                      | \$ 1,994                                      | \$ (1,644)                                | \$ 25,046       |
| 724                              | 237   | 664   | 11,321                                    | 43,747          |
| <u>1,557</u>                     | <u>581</u>                                  | <u>2,658</u>                                  | <u>9,677</u>                              | <u>68,793</u>   |
| \$ (24)                          | \$ 220                                      | \$ 3,257                                      | \$ (15,420)                               | \$ (20,022)     |
| —                                | —   | 40  | (509)                                     | (594)           |
| —                                | —   | —   | (42,595)                                  | (42,595)        |
| —                                | —   | (1)   | (279)                                     | (523)           |
| —                                | —   | —   | (1)                                       | 1               |
| —                                | —   | 488   | 112                                       | (30,890)        |
| <u>(24)</u>                      | <u>220</u>                                  | <u>3,784</u>                                  | <u>(58,692)</u>                           | <u>(94,623)</u> |
| \$ 63                            | \$ 19                                       | \$ 38   | \$ 1,221                                  | \$ 4,191        |

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## FIDUCIARY FUNDS

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# State of Georgia

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## Fiduciary Funds

Fiduciary funds are used to account for assets held by the State of Georgia in a fiduciary capacity. The State has the following fiduciary funds.

### **PENSION AND OTHER EMPLOYEE BENEFIT TRUST FUNDS**

Pension and Other Employee Benefit Trust Funds are used to account for activities and balances of the public employee retirement systems and other postemployment benefit plans. The State's pension and other employee benefit trust funds are described below:

#### ***Pension Trust Funds***

##### **Defined Benefit Pension Plans**

The **Class Nine Fire Department Pension Fund** is used to account for the accumulation of resources for the purpose of paying retirement and death benefits to volunteer firefighters of the State of Georgia. As of June 30, 2007, the assets of the Class Nine Fire Department Pension Fund were transferred to the Firefighters' Pension Fund.

The **District Attorneys Retirement Fund** (old plan) is used to account for the accumulation of resources for the purpose of paying retirement benefits to the district attorneys of the State of Georgia.

The **Employees' Retirement System** is used to account for the accumulation of resources for the purpose of providing retirement allowances for qualified employees of the State of Georgia and its political subdivisions.

The **Firefighters' Pension Fund** is used to account for the accumulation of resources for the purpose of paying retirement benefits to the firefighters of the State of Georgia.

The **Georgia Judicial Retirement System** is used to account for the accumulation of resources for the purpose of providing retirement allowances for trial judges and solicitors of certain courts in Georgia, and their survivors and beneficiaries, superior court judges of the State of Georgia, and district attorneys of the State of Georgia.

The **Georgia Military Pension Fund** is used to account for the accumulation of resources for the purpose of paying retirement benefits to members of the Georgia National Guard.

The **Judges of the Probate Courts Retirement Fund** is used to account for the accumulation of resources for the purpose of paying retirement benefits to the judges of the Probate Courts of the State of Georgia.

The **Legislative Retirement System** is used to account for the accumulation of resources for the purpose of providing retirement allowances for all members of the General Assembly.

The **Magistrates Retirement Fund** is used to account for the accumulation of resources for the purpose of providing retirement benefits for those serving as duly qualified and commissioned chief magistrates of counties in the State of Georgia.

The **Peace Officers' Annuity and Benefit Fund** is used to account for the accumulation of resources for the purpose of paying retirement benefits to the peace officers of the State of Georgia.

The **Public School Employees Retirement System** is used to account for the accumulation of resources for the purpose of providing retirement allowances for public school employees who are not eligible for membership in the Teachers Retirement System.

# State of Georgia

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## Fiduciary Funds

The **Sheriffs' Retirement Fund** is used to account for the accumulation of resources for the purpose of paying retirement benefits to the sheriffs of the State of Georgia.

The **Superior Court Clerks' Retirement Fund** is used to account for the accumulation of resources for the purpose of paying retirement benefits to the Superior Court Clerks of the State of Georgia.

The **Superior Court Judges Retirement Fund** (old plan) is used to account for the accumulation of resources for the purpose of paying retirement benefits to the superior court judges of the State of Georgia.

The **Teachers' Retirement System** is used to account for the accumulation of resources for the purpose of providing retirement allowances and other benefits for teachers and administrative personnel employed in the public schools and the University System of Georgia.

### **Deferred Compensation/Defined Contribution Pension Plans**

The **Deferred Compensation Plans** are used to account for the accumulation of resources for the purpose of providing retirement allowances for State employees and employees of county health departments who elect to defer a portion of their annual salary until future years.

The **Defined Contribution Plan** is used to account for the accumulation of resources for the purpose of providing retirement allowances for State employees who are not members of a public retirement or pension system.

### ***Other Employee Benefit Trust Funds***

### **Other Postemployment Benefit Plans**

The **Georgia Retiree Health Benefit Fund** is used to account for the accumulation of resources for the purpose of providing health insurance benefits to eligible retirees and their qualified beneficiaries.

The **State Employees' Assurance Department – OPEB** is used to account for the accumulation of resources for the purpose of providing term life insurance to retired and vested inactive members of Employees', Judicial, and Legislative Retirement Systems.

### **Other Employee Benefit Plan**

The **State Employees' Assurance Department** is used to account for the accumulation of resources for the purpose of providing survivors' benefits for eligible members of the Employees', Judicial, and Legislative Retirement Systems.

## INVESTMENT TRUST FUNDS

Investment Trust Funds are used to account for the external portion of a government sponsored investment pool. The State's investment trust funds are described below:

The **Georgia Extended Asset Pool** is responsible for providing prudent management of public funds on behalf of the State of Georgia and local governments seeking income higher than money market rates.

**Georgia Fund 1** is a combination local and state government investment pool with primary objectives specific to safety of capital, investment income, liquidity and diversification while maintaining principal. This fund was established to enable local governments to voluntarily invest any idle local monies.

The **Regents Investment Pool** invests funds on behalf of units of the university system and their affiliated foundations.

# State of Georgia

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## Fiduciary Funds

### PRIVATE PURPOSE TRUST FUNDS

Private Purpose Trust Funds are used to report resources of all other trust arrangements in which principal and income benefit individuals, private organizations, or other governments. The State's private purpose trust funds are described below:

The **Auctioneers Recovery Fund** provides for actual or compensatory damages in instances where a person is aggrieved by an act, representation, transaction, or conduct of a person licensed under OCGA 43-6 (duly licensed auctioneer, apprentice auctioneer, or auction company) who is in violation of state law. Also, the fund is used to help underwrite the cost of developing courses, conducting seminars, conducting research projects on matters affecting auctioneers, publishing and distributing educational materials, or other education and research programs for the benefit of licensees and the public.

The **Real Estate Recovery Fund** provides for actual or compensatory damages in instances where a person is aggrieved by an act, representation, transaction, or conduct of a duly licensed broker, associate broker or salesperson who is in violation of state law. Also, the fund is used to help underwrite the cost of developing courses, conducting seminars, conducting research projects on matters affecting real estate brokerage, publishing and distributing educational materials, or other education and research programs for the benefit of licensees and the public.

The **Subsequent Injury Trust Fund** is a special workers' compensation fund designed to encourage employers to hire workers with pre-existing impairments by insuring against the aggravating impact such impairment could have if the worker were subsequently injured on the job.

### AGENCY FUNDS

Agency Funds are used to report assets and liabilities for deposits and investments entrusted to the State as an agent for others. The State's significant agency funds are described below:

The **Child Support Recovery Program** accounts for the collection of court ordered child support or child support amounts due as determined in conformity with the Social Security Act. Amounts collected are distributed and deposited in conformity with state law and the standards prescribed in the Social Security Act.

**County Medicaid Administrative Funds** are billed by the State on behalf of local governments, and represent eligible administrative costs paid at the county level. Amounts collected are distributed to county boards of health.

**Detainees' Accounts** are held for the detainees of statewide probation offices, correctional institutions, diversion centers, detention centers, transitional centers and boot camps for the purpose of paying court ordered fines, fees and restitutions and for operating recreational activities for detainees.

The **Flexible Benefits Program** accounts for participant payroll deductions for benefits and spending accounts; disbursements are made to insurance companies for premiums and to participants for spending account reimbursements.

# State of Georgia

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## Fiduciary Funds

The **Railroad Car Tax** fund is used to collect railroad car taxes on behalf of county governments and to remit the taxes back to the counties.

The **Real Estate Transfer Tax** fund is used to collect real estate transfer taxes on behalf of county governments and to remit the taxes back to the counties.

**Sales Tax Collections for Local Governments** consist of the **Education Local Option Sales Tax, Homestead Option Sales Tax, Local Option Sales Tax, MARTA Sales Tax, and Special Purpose Local Option Sales Tax**. These funds are used to account for the collection and disbursement of local option sales taxes on behalf of county and municipal governments.

The **Telecommunications Relay Service Fund** was established to provide telecommunication services to hearing/speech impaired Georgians. All local exchange telephone companies in the State impose a monthly maintenance surcharge on all residential and business local exchange access facilities, which are deposited into this fund solely for the provisions of the Dual Party Relay System.

The **Universal Service Fund** was established for the purpose of assisting low-income customers in times of emergency by providing energy conservation assistance to such customers; and to provide contributions in aid of construction to permit the electing distribution company to extend and expand its facilities from time to time as the commission deems to be in the public interest. Funding comes from rate refunds from interstate pipeline suppliers, funds deposited by marketers, and various other refunds, surcharges and earnings.



# State of Georgia

## Combining Statement of Fiduciary Net Assets Pension and Other Employee Benefit Trust Funds June 30, 2007 (expressed in thousands)

|   | Defined<br>Benefit<br>Pension Plans<br>(see combining) | Deferred<br>Compensation<br>Plans | Defined<br>Contribution<br>Plan |
|---|--|-----------------------------------|---------------------------------|
| <b>Assets</b>                                       |  |                                   |                                 |
| Cash and Cash Equivalents                           | \$ 33,377  | \$ 1,269                          | \$ 361                          |
| Receivables   |  |                                   |                                 |
| Interest and Dividends                              | 334,878  | 29                                | 145                             |
| Due from Brokers for Securities Sold                | 290,087  | —                                 | 5                               |
| Other   | 264,806  | 2,364                             | 1,163                           |
| Due from Other Funds                                | —  | —                                 | —                               |
| Investments   |  |                                   |                                 |
| Investment Accounts                                 | 87   | —                                 | —                               |
| Pooled Investments                                  | 15,380,681   | 43                                | 52,591                          |
| Mutual Funds  | 374,535  | 953,540                           | —                               |
| Repurchase Agreements                               | 2,626,256  | —                                 | 11,515                          |
| Municipal, U. S. and Foreign Government Obligations | 15,449,783   | —                                 | 14,966                          |
| Corporate Bonds/Notes/Debentures                    | 2,000,497  | —                                 | —                               |
| Stocks  | 33,375,811   | —                                 | —                               |
| Asset-Backed Securities                             | 13,254   | —                                 | —                               |
| Mortgage Investments                                | 61,023   | —                                 | —                               |
| Real Estate Investment Trusts                       | 1,466  | —                                 | —                               |
| Capital Assets                                      |  |                                   |                                 |
| Land  | 2,071  | —                                 | —                               |
| Buildings   | 7,440  | —                                 | —                               |
| Software  | 29,247   | —                                 | —                               |
| Machinery and Equipment                             | 2,566  | —                                 | —                               |
| Accumulated Depreciation                            | (13,683)   | —                                 | —                               |
| <b>Total Assets</b>                                 | <b>\$ 70,234,182</b>                                   | <b>\$ 957,245</b>                 | <b>\$ 80,746</b>                |
| <b>Liabilities</b>                                  |  |                                   |                                 |
| Accounts Payable and Other Accruals                 | \$ 112,983   | \$ 400                            | \$ 87                           |
| Due to Other Funds                                  | 1,408  | —                                 | —                               |
| Due to Brokers for Securities Purchased             | 105,340  | —                                 | —                               |
| Salaries/Withholdings Payable                       | 16,579   | —                                 | 5                               |
| Notes Payable                                       | 27   | —                                 | —                               |
| Unearned Revenue                                    | 23   | —                                 | —                               |
| Compensated Absences Payable                        | 57   | —                                 | —                               |
| <b>Total Liabilities</b>                            | <b>\$ 236,417</b>                                      | <b>\$ 400</b>                     | <b>\$ 92</b>                    |
| <b>Net Assets</b>                                   |  |                                   |                                 |
| Held in Trust for:                                  |  |                                   |                                 |
| Pension Benefits                                    | \$ 69,997,765  | \$ 956,845                        | \$ 80,654                       |
| Other Employee Benefits                             | —  | —                                 | —                               |
| <b>Total Net Assets</b>                             | <b>\$ 69,997,765</b>                                   | <b>\$ 956,845</b>                 | <b>\$ 80,654</b>                |

| Other Employee Benefits                   |   |  |               |
|---|---|--|---------------|
| Other Postemployment Benefits             |   |  |               |
| Georgia<br>Retiree Health<br>Benefit Fund | State Employees'<br>Assurance<br>Department -<br>OPEB | State<br>Employees'<br>Assurance<br>Department | Total         |
| \$ 47,574                                 | \$ —  | \$ 203   | \$ 82,784     |
| —   | —   | —  | 335,052       |
| —   | —   | —  | 290,092       |
| —   | 778,048   | —  | 1,046,381     |
| —   | —   | 1,373  | 1,373         |
| —   | —   | —  | 87            |
| —   | —   | 1,052,142                                      | 16,485,457    |
| —   | —   | —  | 1,328,075     |
| —   | —   | —  | 2,637,771     |
| —   | —   | —  | 15,464,749    |
| —   | —   | —  | 2,000,497     |
| —   | —   | —  | 33,375,811    |
| —   | —   | —  | 13,254        |
| —   | —   | —  | 61,023        |
| —   | —   | —  | 1,466         |
| —   | —   | —  | 2,071         |
| —   | —   | —  | 7,440         |
| —   | —   | —  | 29,247        |
| —   | —   | —  | 2,566         |
| —   | —   | —  | (13,683)      |
| \$ 47,574                                 | \$ 778,048  | \$ 1,053,718                                   | \$ 73,151,513 |
| \$ 47,574                                 | \$ —  | \$ 868,383                                     | \$ 1,029,427  |
| —   | —   | —  | 1,408         |
| —   | —   | —  | 105,340       |
| —   | —   | —  | 16,584        |
| —   | —   | —  | 27            |
| —   | —   | —  | 23            |
| —   | —   | —  | 57            |
| \$ 47,574                                 | \$ 0  | \$ 868,383                                     | \$ 1,152,866  |
| \$ —                                      | \$ —  | \$ —   | \$ 71,035,264 |
| 0   | 778,048   | 185,335  | 963,383       |
| \$ 0                                      | \$ 778,048  | \$ 185,335                                     | \$ 71,998,647 |

# State of Georgia

## Combining Statement of Changes in Fiduciary Net Assets Pension and Other Employee Benefit Trust Funds For the Fiscal Year Ended June 30, 2007 (expressed in thousands)

|  | Defined<br>Benefit<br>Pension Plans<br>(see combining) | Deferred<br>Compensation<br>Plans |
|--|--|-----------------------------------|
| <b>Additions:</b>                      |  |                                   |
| Contributions                          |  |                                   |
| Employer                               | \$ 1,206,365   | \$ 14,774                         |
| Plan Members                           | 585,986  | 63,072                            |
| Other Contributions                    |  |                                   |
| Fines and Bond Forfeitures             | 21,592   | —                                 |
| Insurance Company Premium Taxes        | 22,538   | —                                 |
| Insurance Premiums                     | —  | —                                 |
| Other Fees                             | 4,314  | —                                 |
| Interest and Other Investment Income   |  |                                   |
| Dividends and Interest                 | 1,951,380  | 57,388                            |
| Net Appreciation (Depreciation) in     |  |                                   |
| Investments Reported at Fair Value     | 7,115,492  | 56,678                            |
| Less: Investment Expense               | (71,513)   | (1,716)                           |
| Other                                  |  |                                   |
| Transfers from Other Funds             | 97,368   | —                                 |
| Transfers to Other Funds               | (3,939)  | —                                 |
| Miscellaneous                          | 1,328  | 1,211                             |
| Total Additions                        | \$ 10,930,911  | \$ 191,407                        |
| <b>Deductions:</b>                     |  |                                   |
| General and Administrative Expenses    | \$ 40,094  | \$ 1,972                          |
| Benefits                               | 3,321,800  | 79,348                            |
| Refunds                                | 61,243   | —                                 |
| Total Deductions                       | \$ 3,423,137   | \$ 81,320                         |
| Change in Net Assets Held in Trust for |  |                                   |
| Pension and Other Employee Benefits    | \$ 7,507,774   | \$ 110,087                        |
| Net Assets, July 1                     | 62,489,991   | 846,758                           |
| Net Assets, June 30                    | \$ 69,997,765  | \$ 956,845                        |

| Other Employee Benefits         |   |   |  |               |
|---------------------------------|---|---|--|---------------|
| Defined<br>Contribution<br>Plan | Other Postemployment Benefits             |   |  | Total         |
|                                 | Georgia<br>Retiree Health<br>Benefit Fund | State Employees'<br>Assurance<br>Department -<br>OPEB | State<br>Employees'<br>Assurance<br>Department |               |
| \$ —                            | \$ 422,157                                | \$ —  | \$ —   | \$ 1,643,296  |
| 15,060                          | —   | —   | —  | 664,118       |
| —                               | —   | —   | —  | 21,592        |
| —                               | —   | —   | —  | 22,538        |
| —                               | —   | —   | 9,107  | 9,107         |
| —                               | —   | —   | —  | 4,314         |
| 2,653                           | —   | —   | 29,321   | 2,040,742     |
| 5,372                           | —   | —   | 107,707  | 7,285,249     |
| (87)                            | —   | —   | (916)  | (74,232)      |
| —                               | —   | 778,048   | —  | 875,416       |
| —                               | —   | —   | (868,381)                                      | (872,320)     |
| —                               | —   | —   | —  | 2,539         |
| \$ 22,998                       | \$ 422,157                                | \$ 778,048  | \$ (723,162)                                   | \$ 11,622,359 |
| \$ 310                          | \$ 25,843                                 | \$ —  | \$ 225   | \$ 68,444     |
| —                               | 396,314                                   | —   | 25,223   | 3,822,685     |
| 12,464                          | —   | —   | —  | 73,707        |
| \$ 12,774                       | \$ 422,157                                | \$ 0  | \$ 25,448                                      | \$ 3,964,836  |
| \$ 10,224                       | \$ 0                                      | \$ 778,048  | \$ (748,610)                                   | \$ 7,657,523  |
| 70,430                          | 0   | 0   | 933,945  | 64,341,124    |
| \$ 80,654                       | \$ 0                                      | \$ 778,048  | \$ 185,335                                     | \$ 71,998,647 |

# State of Georgia

## Combining Statement of Fiduciary Net Assets Pension and Other Employee Benefit Trust Funds Defined Benefit Pension Plans June 30, 2007 (expressed in thousands)

|  | Class Nine<br>Fire<br>Department<br>Pension<br>Fund | District<br>Attorneys<br>Retirement<br>Fund | Employees'<br>Retirement<br>System | Firefighters'<br>Pension<br>Fund | Georgia<br>Judicial<br>Retirement<br>System | Georgia<br>Military<br>Pension<br>Fund | Judges of the<br>Probate Courts<br>Retirement<br>Fund |
|--|---|---|------------------------------------|----------------------------------|---|--|---|
| <b>Assets</b>  |   |   |                                    |                                  |   |  |   |
| Cash and Cash Equivalents                              | \$ —  | \$ 3  | \$ 15,637                          | \$ —                             | \$ 410                                      | \$ 18                                  | \$ 31   |
| Receivables  |   |   |                                    |                                  |   |  |   |
| Interest and Dividends                                 | —   | —   | 79,146                             | 1,786                            | —   | —                                      | —   |
| Due from Brokers for Securities Sold                   | —   | —   | 80,197                             | 9,179                            | —   | —                                      | 944   |
| Other  | —   | —   | 112,231                            | —                                | —   | —                                      | —   |
| Investments  |   |   |                                    |                                  |   |  |   |
| Investment Accounts                                    | —   | —   | —                                  | —                                | —   | —                                      | —   |
| Pooled Investments                                     | —   | —   | 14,097,407                         | —                                | 304,989                                     | 4,318                                  | —   |
| Mutual Funds   | —   | —   | —                                  | 153,443                          | —   | —                                      | 4,165   |
| Repurchase Agreements                                  | —   | —   | —                                  | —                                | —   | —                                      | —   |
| Municipal, U. S. and Foreign<br>Government Obligations | —   | —   | —                                  | 48,037                           | —   | —                                      | 8,348   |
| Corporate Bonds/Notes/Debentures                       | —   | —   | —                                  | 83,800                           | —   | —                                      | 6,111   |
| Stocks   | —   | —   | —                                  | 313,872                          | —   | —                                      | 42,145  |
| Asset-Backed Securities                                | —   | —   | —                                  | 2,555                            | —   | —                                      | 1,416   |
| Mortgage Investments                                   | —   | —   | —                                  | 59,773                           | —   | —                                      | 1,250   |
| Real Estate Investment Trusts                          | —   | —   | —                                  | 671                              | —   | —                                      | 238   |
| Capital Assets   |   |   |                                    |                                  |   |  |   |
| Land   | —   | —   | 944                                | 85                               | —   | —                                      | —   |
| Buildings  | —   | —   | 2,800                              | 1,535                            | —   | —                                      | —   |
| Software   | —   | —   | 14,267                             | —                                | —   | —                                      | —   |
| Machinery and Equipment                                | —   | —   | 803                                | 74                               | —   | —                                      | —   |
| Accumulated Depreciation                               | —   | —   | (3,474)                            | (77)                             | —   | —                                      | —   |
| <b>Total Assets</b>                                    | <b>\$ 0</b>   | <b>\$ 3</b>                                 | <b>\$ 14,399,958</b>               | <b>\$ 674,733</b>                | <b>\$ 305,399</b>                           | <b>\$ 4,336</b>                        | <b>\$ 64,648</b>                                      |
| <b>Liabilities</b>                                     |   |   |                                    |                                  |   |  |   |
| Cash Overdraft   | \$ —  | \$ —  | \$ —                               | \$ 1                             | \$ —  | \$ —                                   | \$ —  |
| Accounts Payable and Other Accruals                    | —   | —   | 3,603                              | 1,617                            | 230   | —                                      | —   |
| Due to Other Funds                                     | —   | —   | 1,366                              | —                                | 18  | —                                      | —   |
| Due to Brokers for Securities Purchased                | —   | —   | 17,143                             | 22,366                           | —   | —                                      | 574   |
| Salaries/Withholdings Payable                          | —   | 1   | 15,399                             | —                                | 161   | —                                      | —   |
| Notes Payable  | —   | —   | —                                  | —                                | —   | —                                      | —   |
| Unearned Revenue                                       | —   | —   | —                                  | —                                | 16  | —                                      | —   |
| Compensated Absences Payable                           | —   | —   | —                                  | 35                               | —   | —                                      | —   |
| <b>Total Liabilities</b>                               | <b>\$ 0</b>   | <b>\$ 1</b>                                 | <b>\$ 37,511</b>                   | <b>\$ 24,019</b>                 | <b>\$ 425</b>                               | <b>\$ 0</b>                            | <b>\$ 574</b>   |
| <b>Net Assets</b>                                      |   |   |                                    |                                  |   |  |   |
| Held in Trust for Pension Benefits                     | <b>\$ 0</b>   | <b>\$ 2</b>                                 | <b>\$ 14,362,447</b>               | <b>\$ 650,714</b>                | <b>\$ 304,974</b>                           | <b>\$ 4,336</b>                        | <b>\$ 64,074</b>                                      |

| Legislative<br>Retirement<br>System | Magistrates<br>Retirement<br>Fund | Peace Officers'<br>Annuity and<br>Benefit Fund | Public School<br>Employees<br>Retirement<br>System | Sheriffs'<br>Retirement<br>Fund | Superior<br>Court Clerks'<br>Retirement<br>Fund | Superior<br>Court Judges<br>Retirement<br>Fund | Teachers'<br>Retirement<br>System | Total         |
|-------------------------------------|-----------------------------------|--|--|---------------------------------|---|--|-----------------------------------|---------------|
| \$ 65                               | \$ 1,369                          | \$ 6,293                                       | \$ 347   | \$ 33                           | \$ 524  | \$ 111   | \$ 8,537                          | \$ 33,378     |
| —                                   | —                                 | 96   | —  | 302                             | 528   | —  | 253,020                           | 334,878       |
| —                                   | —                                 | 151  | —  | —                               | —   | —  | 199,616                           | 290,087       |
| 1                                   | —                                 | —  | 27   | —                               | 326   | —  | 152,221                           | 264,806       |
| —                                   | —                                 | —  | —  | 87                              | —   | —  | —                                 | 87            |
| 31,078                              | —                                 | 89,329   | 811,859  | 3,972                           | 36,283  | 1,446  | —                                 | 15,380,681    |
| —                                   | —                                 | 214,743  | —  | 2,184                           | —   | —  | —                                 | 374,535       |
| —                                   | —                                 | —  | —  | —                               | —   | —  | 2,626,256                         | 2,626,256     |
| —                                   | —                                 | 94,288   | —  | 14,701                          | 38,404  | —  | 15,246,005                        | 15,449,783    |
| —                                   | —                                 | 33,387   | —  | 8,034                           | —   | —  | 1,869,165                         | 2,000,497     |
| —                                   | —                                 | 47,597   | —  | 43,827                          | —   | —  | 32,928,370                        | 33,375,811    |
| —                                   | —                                 | 9,283  | —  | —                               | —   | —  | —                                 | 13,254        |
| —                                   | —                                 | —  | —  | —                               | —   | —  | —                                 | 61,023        |
| —                                   | —                                 | 557  | —  | —                               | —   | —  | —                                 | 1,466         |
| —                                   | —                                 | 98   | —  | —                               | —   | —  | 944                               | 2,071         |
| —                                   | —                                 | 305  | —  | —                               | —   | —  | 2,800                             | 7,440         |
| —                                   | —                                 | —  | —  | —                               | —   | —  | 14,980                            | 29,247        |
| —                                   | —                                 | 147  | —  | —                               | —   | —  | 1,542                             | 2,566         |
| —                                   | —                                 | (279)  | —  | —                               | —   | —  | (9,853)                           | (13,683)      |
| \$ 31,144                           | \$ 1,369                          | \$ 495,995                                     | \$ 812,233   | \$ 73,140                       | \$ 76,065                                       | \$ 1,557                                       | \$ 53,293,603                     | \$ 70,234,183 |
| \$ —                                | \$ —                              | \$ —   | \$ —   | \$ —                            | \$ —  | \$ —   | \$ —                              | \$ 1          |
| —                                   | —                                 | —  | 30   | —                               | 15  | 30   | 107,458                           | 112,983       |
| 5                                   | —                                 | —  | —  | —                               | —   | —  | 19                                | 1,408         |
| —                                   | —                                 | 12,644   | —  | —                               | —   | —  | 52,613                            | 105,340       |
| 18                                  | —                                 | —  | 554  | —                               | —   | 35   | 411                               | 16,579        |
| —                                   | —                                 | 27   | —  | —                               | —   | —  | —                                 | 27            |
| —                                   | —                                 | —  | —  | —                               | 7   | —  | —                                 | 23            |
| —                                   | —                                 | —  | —  | 22                              | —   | —  | —                                 | 57            |
| \$ 23                               | \$ 0                              | \$ 12,671                                      | \$ 584   | \$ 22                           | \$ 22   | \$ 65  | \$ 160,501                        | \$ 236,418    |
| \$ 31,121                           | \$ 1,369                          | \$ 483,324                                     | \$ 811,649   | \$ 73,118                       | \$ 76,043                                       | \$ 1,492                                       | \$ 53,133,102                     | \$ 69,997,765 |

# State of Georgia

## Combining Statement of Changes in Fiduciary Net Assets Pension and Other Employee Benefit Trust Funds Defined Benefit Pension Plans For the Fiscal Year Ended June 30, 2007 (expressed in thousands)

|  | Class Nine<br>Fire<br>Department<br>Pension<br>Fund | District<br>Attorneys<br>Retirement<br>Fund | Employees'<br>Retirement<br>System | Firefighters'<br>Pension<br>Fund | Georgia<br>Judicial<br>Retirement<br>System | Georgia<br>Military<br>Pension<br>Fund | Judges of the<br>Probate Courts<br>Retirement<br>Fund |
|--|---|---|------------------------------------|----------------------------------|---|--|---|
| <b>Additions:</b>  |   |   |                                    |                                  |   |  |   |
| Contributions  |   |   |                                    |                                  |   |  |   |
| Employer   | \$ —  | \$ 89                                       | \$ 270,135                         | \$ —                             | \$ 1,778                                    | \$ —                                   | \$ —  |
| Plan Members   | —   | —   | 49,250                             | 2,257                            | 4,040                                       | —                                      | 163   |
| Other Contributions  |   |   |                                    |                                  |   |  |   |
| Fines and Bond Forfeitures   | —   | —   | —                                  | —                                | —   | —                                      | 592   |
| Insurance Company Premium Taxes  | —   | —   | —                                  | 22,538                           | —   | —                                      | —   |
| Other Fees   | —   | —   | —                                  | —                                | —   | —                                      | 649   |
| Interest and Other Investment Income                                     |   |   |                                    |                                  |   |  |   |
| Dividends and Interest   | —   | —   | 403,282                            | 15,771                           | 8,471                                       | 108                                    | 1,887   |
| Net Appreciation (Depreciation) in<br>Investments Reported at Fair Value | —   | —   | 1,480,386                          | 76,350                           | 31,118                                      | 398                                    | 6,119   |
| Less: Investment Expense   | —   | —   | (14,555)                           | (3,848)                          | (265)                                       | (3)                                    | (419)   |
| Other  |   |   |                                    |                                  |   |  |   |
| Transfers from Other Funds   | —   | —   | 90,339                             | 3,939                            | —   | 1,005                                  | —   |
| Transfers to Other Funds   | (3,939)   | —   | —                                  | —                                | —   | —                                      | —   |
| Miscellaneous  | —   | —   | —                                  | 925                              | 175   | —                                      | 2   |
| <b>Total Additions</b>   | <b>\$ (3,939)</b>                                   | <b>\$ 89</b>                                | <b>\$ 2,278,837</b>                | <b>\$ 117,932</b>                | <b>\$ 45,317</b>                            | <b>\$ 1,508</b>                        | <b>\$ 8,993</b>                                       |
| <b>Deductions:</b>   |   |   |                                    |                                  |   |  |   |
| General and Administrative Expenses                                      | \$ —  | \$ —  | \$ 14,901                          | \$ 1,134                         | \$ 175                                      | \$ —                                   | \$ 42   |
| Benefits   | —   | 87  | 928,654                            | 23,950                           | 9,299                                       | 225                                    | 2,378   |
| Refunds  | —   | —   | 6,696                              | 921                              | 76  | —                                      | —   |
| <b>Total Deductions</b>  | <b>\$ 0</b>   | <b>\$ 87</b>                                | <b>\$ 950,251</b>                  | <b>\$ 26,005</b>                 | <b>\$ 9,550</b>                             | <b>\$ 225</b>                          | <b>\$ 2,420</b>                                       |
| <b>Change in Net Assets Held in Trust for<br/>Pension Benefits</b>       | <b>\$ (3,939)</b>                                   | <b>\$ 2</b>                                 | <b>\$ 1,328,586</b>                | <b>\$ 91,927</b>                 | <b>\$ 35,767</b>                            | <b>\$ 1,283</b>                        | <b>\$ 6,573</b>                                       |
| <b>Net Assets, July 1</b>  | <b>3,939</b>  | <b>0</b>                                    | <b>13,033,861</b>                  | <b>558,787</b>                   | <b>269,207</b>                              | <b>3,053</b>                           | <b>57,501</b>   |
| <b>Net Assets, June 30</b>   | <b>\$ 0</b>   | <b>\$ 2</b>                                 | <b>\$ 14,362,447</b>               | <b>\$ 650,714</b>                | <b>\$ 304,974</b>                           | <b>\$ 4,336</b>                        | <b>\$ 64,074</b>                                      |

| Legislative<br>Retirement<br>System | Magistrates<br>Retirement<br>Fund | Peace Officers'<br>Annuity and<br>Benefit Fund | Public School<br>Employees<br>Retirement<br>System | Sheriffs'<br>Retirement<br>Fund | Superior<br>Court Clerks'<br>Retirement<br>Fund | Superior<br>Court Judges<br>Retirement<br>Fund | Teachers'<br>Retirement<br>System | Total                |
|-------------------------------------|-----------------------------------|--|--|---------------------------------|---|--|-----------------------------------|----------------------|
| \$ 62                               | \$ —                              | \$ —   | \$ 6,490   | \$ —                            | \$ —  | \$ 1,938                                       | \$ 925,873                        | \$ 1,206,365         |
| 320                                 | 104                               | 3,298  | 1,420  | 80                              | 107   | 7  | 524,940                           | 585,986              |
| —                                   | —                                 | 17,351   | —  | 2,632                           | 1,017   | —  | —                                 | 21,592               |
| —                                   | —                                 | —  | —  | —                               | —   | —  | —                                 | 22,538               |
| —                                   | 1,280                             | —  | —  | —                               | 2,385   | —  | —                                 | 4,314                |
| 877                                 | 17                                | 12,924   | 23,013   | 1,995                           | 2,890   | 40   | 1,480,105                         | 1,951,380            |
| 3,222                               | —                                 | 57,221   | 84,539   | 8,220                           | 6,013   | 147  | 5,361,759                         | 7,115,492            |
| (27)                                | —                                 | (1,790)  | (719)  | (347)                           | (16)  | (1)  | (49,523)                          | (71,513)             |
| —                                   | —                                 | —  | 588  | —                               | —   | —  | 1,497                             | 97,368               |
| —                                   | —                                 | —  | —  | —                               | —   | —  | —                                 | (3,939)              |
| 110                                 | —                                 | 68   | —  | 18                              | —   | 30   | —                                 | 1,328                |
| <u>\$ 4,564</u>                     | <u>\$ 1,401</u>                   | <u>\$ 89,072</u>                               | <u>\$ 115,331</u>                                  | <u>\$ 12,598</u>                | <u>\$ 12,396</u>                                | <u>\$ 2,161</u>                                | <u>\$ 8,244,651</u>               | <u>\$ 10,930,911</u> |
| \$ 110                              | \$ 30                             | \$ 615   | \$ 588   | \$ 250                          | \$ 146  | \$ 30  | \$ 22,073                         | \$ 40,094            |
| 1,588                               | —                                 | 17,292   | 46,464   | 3,427                           | 3,547   | 1,939  | 2,282,950                         | 3,321,800            |
| 33                                  | 2                                 | 306  | 319  | —                               | 15  | —  | 52,875                            | 61,243               |
| <u>\$ 1,731</u>                     | <u>\$ 32</u>                      | <u>\$ 18,213</u>                               | <u>\$ 47,371</u>                                   | <u>\$ 3,677</u>                 | <u>\$ 3,708</u>                                 | <u>\$ 1,969</u>                                | <u>\$ 2,357,898</u>               | <u>\$ 3,423,137</u>  |
| \$ 2,833                            | \$ 1,369                          | \$ 70,859                                      | \$ 67,960  | \$ 8,921                        | \$ 8,688  | \$ 192   | \$ 5,886,753                      | \$ 7,507,774         |
| 28,288                              | 0                                 | 412,465  | 743,689  | 64,197                          | 67,355  | 1,300  | 47,246,349                        | 62,489,991           |
| <u>\$ 31,121</u>                    | <u>\$ 1,369</u>                   | <u>\$ 483,324</u>                              | <u>\$ 811,649</u>                                  | <u>\$ 73,118</u>                | <u>\$ 76,043</u>                                | <u>\$ 1,492</u>                                | <u>\$ 53,133,102</u>              | <u>\$ 69,997,765</u> |



# State of Georgia

## Combining Statement of Fiduciary Net Assets

### Investment Trust Funds

June 30, 2007

(expressed in thousands)

|                                     | Georgia<br>Extended Asset<br>Pool | Georgia<br>Fund 1 | Regents<br>Investment<br>Pool | Total        |
|-------------------------------------|-----------------------------------|-------------------|-------------------------------|--------------|
| <b>Assets</b>                       |                                   |                   |                               |              |
| Cash and Cash Equivalents           | \$ 20,717                         | \$ 5,077,443      | \$ 176                        | \$ 5,098,336 |
| Investments, at Fair Value          |                                   |                   |                               |              |
| Pooled Investments                  | 31,230                            | 867,695           | 6,203                         | 905,128      |
| Interest Receivable                 | —                                 | —                 | 11                            | 11           |
| Total Assets                        | \$ 51,947                         | \$ 5,945,138      | \$ 6,390                      | \$ 6,003,475 |
| <b>Net Assets</b>                   |                                   |                   |                               |              |
| Held in Trust for Pool Participants | \$ 51,947                         | \$ 5,945,138      | \$ 6,390                      | \$ 6,003,475 |

# State of Georgia

## Combining Statement of Changes in Fiduciary Net Assets

### Investment Trust Funds

For the Fiscal Year Ended June 30, 2007

(expressed in thousands)

|  | Georgia<br>Extended Asset<br>Pool | Georgia<br>Fund 1 | Regents<br>Investment<br>Pool | Total        |
|--|-----------------------------------|-------------------|-------------------------------|--------------|
| <b>Additions:</b>  |                                   |                   |                               |              |
| Pool Participant Deposits                                | \$ —                              | \$ 8,748,894      | \$ 3,356                      | \$ 8,752,250 |
| Interest and Other Investment Income                     |                                   |                   |                               |              |
| Dividends and Interest                                   | 2,418                             | 280,069           | 266                           | 282,753      |
| Net Appreciation (Depreciation) in Investments           |                                   |                   |                               |              |
| Reported at Fair Value                                   | 560                               | —                 | 17                            | 577          |
| Less: Investment Expense                                 | (19)                              | (1,539)           | (14)                          | (1,572)      |
| Total Additions  | \$ 2,959                          | \$ 9,027,424      | \$ 3,625                      | \$ 9,034,008 |
| <b>Deductions:</b>                                       |                                   |                   |                               |              |
| Pool Participant Withdrawals                             | \$ 4,156                          | \$ 7,443,765      | \$ 19,038                     | \$ 7,466,959 |
| Change in Net Assets Held in Trust for Pool Participants | \$ (1,197)                        | \$ 1,583,659      | \$ (15,413)                   | \$ 1,567,049 |
| Net Assets, July 1                                       | 53,144                            | 4,361,479         | 21,803                        | 4,436,426    |
| Net Assets, June 30                                      | \$ 51,947                         | \$ 5,945,138      | \$ 6,390                      | \$ 6,003,475 |

# State of Georgia

## Combining Statement of Fiduciary Net Assets

### Private Purpose Trust Funds

June 30, 2007

(expressed in thousands)

|                                     | Auctioneers<br>Recovery Fund | Real Estate<br>Recovery Fund | Subsequent<br>Injury<br>Trust Fund | Total    |
|-------------------------------------|------------------------------|------------------------------|------------------------------------|----------|
| <b>Assets</b>                       |                              |                              |                                    |          |
| Cash and Cash Equivalents           | \$ 463                       | \$ 2,241                     | \$ 1,714                           | \$ 4,418 |
| Investments, at Fair Value          |                              |                              |                                    |          |
| Pooled Investments                  | —                            | 302                          | 190                                | 492      |
| Capital Assets                      |                              |                              |                                    |          |
| Machinery and Equipment             | —                            | —                            | 191                                | 191      |
| Accumulated Depreciation            | —                            | —                            | (169)                              | (169)    |
| Total Assets                        | \$ 463                       | \$ 2,543                     | \$ 1,926                           | \$ 4,932 |
| <b>Liabilities</b>                  |                              |                              |                                    |          |
| Accounts Payable and Other Accruals | \$ —                         | \$ 4                         | \$ 15                              | \$ 19    |
| Compensated Absences Payable        | —                            | —                            | 170                                | 170      |
| Total Liabilities                   | \$ 0                         | \$ 4                         | \$ 185                             | \$ 189   |
| <b>Net Assets</b>                   |                              |                              |                                    |          |
| Held in Trust for Other Purposes    | \$ 463                       | \$ 2,539                     | \$ 1,741                           | \$ 4,743 |

# State of Georgia

## Combining Statement of Changes in Fiduciary Net Assets

### Private Purpose Trust Funds

For the Fiscal Year Ended June 30, 2007

(expressed in thousands)

|   | Auctioneers<br>Recovery Fund | Real Estate<br>Recovery Fund | Subsequent<br>Injury<br>Trust Fund | Total      |
|---|------------------------------|------------------------------|------------------------------------|------------|
| <b>Additions:</b>                                     |                              |                              |                                    |            |
| Contributions/Assessments                             |                              |                              |                                    |            |
| Participants  | \$ 23                        | \$ 305                       | \$ 141,945                         | \$ 142,273 |
| Interest and Other Investment Income                  |                              |                              |                                    |            |
| Dividends and Interest                                | 5                            | 107                          | 3,102                              | 3,214      |
| Total Additions                                       | \$ 28                        | \$ 412                       | \$ 145,047                         | \$ 145,487 |
| <b>Deductions:</b>                                    |                              |                              |                                    |            |
| General and Administrative Expenses                   | \$ —                         | \$ 396                       | \$ 2,600                           | \$ 2,996   |
| Benefits  | —                            | —                            | 141,875                            | 141,875    |
| Total Deductions                                      | \$ 0                         | \$ 396                       | \$ 144,475                         | \$ 144,871 |
| Change in Net Assets Held in Trust for Other Purposes | \$ 28                        | \$ 16                        | \$ 572                             | \$ 616     |
| Net Assets, July 1                                    | 435                          | 2,523                        | 1,169                              | 4,127      |
| Net Assets, June 30                                   | \$ 463                       | \$ 2,539                     | \$ 1,741                           | \$ 4,743   |

# State of Georgia

## Combining Statement of Fiduciary Assets and Liabilities

### Agency Funds

June 30, 2007

(expressed in thousands)

|                                     | Child<br>Support<br>Recovery<br>Program | County<br>Medicaid<br>Administrative<br>Funds | Detainees'<br>Accounts | Flexible<br>Benefits<br>Program | Railroad<br>Car Tax | Real Estate<br>Transfer Tax | Education<br>Local Option |
|-------------------------------------|---|---|------------------------|---------------------------------|---------------------|-----------------------------|---------------------------|
| <b>Assets</b>                       |   |   |                        |                                 |                     |                             |                           |
| Cash and Cash Equivalents           | \$ 61,047                               | \$ 6  | \$ 15,185              | \$ 11,829                       | \$ 641              | \$ 1,145                    | \$ 91,498                 |
| Accounts Receivable                 | —                                       | 1,978   | —                      | —                               | —                   | —                           | —                         |
| Investments, at Fair Value          | —                                       | —   | —                      | —                               | —                   | —                           | —                         |
| Certificates of Deposit             | —                                       | —   | —                      | —                               | —                   | —                           | —                         |
| Pooled Investments                  | —                                       | —   | —                      | 1,229                           | 139                 | —                           | 15,636                    |
| Other Assets                        | —                                       | —   | —                      | —                               | —                   | —                           | —                         |
| <b>Total Assets</b>                 | <b>\$ 61,047</b>                        | <b>\$ 1,984</b>                               | <b>\$ 15,185</b>       | <b>\$ 13,058</b>                | <b>\$ 780</b>       | <b>\$ 1,145</b>             | <b>\$ 107,134</b>         |
| <b>Liabilities</b>                  |   |   |                        |                                 |                     |                             |                           |
| Accounts Payable and Other Accruals | \$ —                                    | \$ 22   | \$ —                   | \$ 8,137                        | \$ —                | \$ —                        | \$ —                      |
| Funds Held for Others               | 61,047                                  | 1,962   | 15,185                 | 4,921                           | 780                 | 1,145                       | 107,134                   |
| Other Liabilities                   | —                                       | —   | —                      | —                               | —                   | —                           | —                         |
| <b>Total Liabilities</b>            | <b>\$ 61,047</b>                        | <b>\$ 1,984</b>                               | <b>\$ 15,185</b>       | <b>\$ 13,058</b>                | <b>\$ 780</b>       | <b>\$ 1,145</b>             | <b>\$ 107,134</b>         |

| Sales Tax Collections for Local Governments |                  |                  |                                 | Telecom-<br>munications |                           |                  |                   |  |
|---|------------------|------------------|---------------------------------|-------------------------|---------------------------|------------------|-------------------|--|
| Homestead<br>Option                         | Local<br>Option  | MARTA            | Special Purpose<br>Local Option | Relay Service<br>Fund   | Universal<br>Service Fund | Miscellaneous    | Total             |  |
| \$ 6,863                                    | \$ 76,644        | \$ 19,220        | \$ 74,690                       | \$ 17,180               | \$ 25,905                 | \$ 15,305        | \$ 417,158        |  |
| —   | —                | —                | —                               | —                       | —                         | 477              | 2,455             |  |
| —   | —                | —                | —                               | —                       | —                         | 2,677            | 2,677             |  |
| 1,173                                       | 13,119           | 3,285            | 12,764                          | 2,918                   | —                         | 2,965            | 53,228            |  |
| —   | —                | —                | —                               | —                       | —                         | 3,656            | 3,656             |  |
| <u>\$ 8,036</u>                             | <u>\$ 89,763</u> | <u>\$ 22,505</u> | <u>\$ 87,454</u>                | <u>\$ 20,098</u>        | <u>\$ 25,905</u>          | <u>\$ 25,080</u> | <u>\$ 479,174</u> |  |
| \$ —  | \$ —             | \$ —             | \$ —                            | \$ —                    | \$ —                      | 397              | 8,556             |  |
| 8,036                                       | 89,763           | 22,505           | 87,454                          | 20,098                  | 25,905                    | 25,459           | 471,394           |  |
| —   | —                | —                | —                               | —                       | —                         | (776)            | (776)             |  |
| <u>\$ 8,036</u>                             | <u>\$ 89,763</u> | <u>\$ 22,505</u> | <u>\$ 87,454</u>                | <u>\$ 20,098</u>        | <u>\$ 25,905</u>          | <u>\$ 25,080</u> | <u>\$ 479,174</u> |  |

# State of Georgia

## Combining Statement of Changes in Fiduciary Assets and Liabilities

### Agency Funds

For the Fiscal Year Ended June 30, 2007

(expressed in thousands)

|   | Balance<br>July 1, 2006 | Additions    | Deductions   | Balance<br>June 30, 2007 |
|---|-------------------------|--------------|--------------|--------------------------|
| <b>Child Support Recovery Program</b>       |                         |              |              |                          |
| <b><u>Assets</u></b>                        |                         |              |              |                          |
| Cash and Cash Equivalents                   | \$ (717)                | \$ 675,473   | \$ 613,709   | \$ 61,047                |
| <b><u>Liabilities</u></b>                   |                         |              |              |                          |
| Accounts Payable and Other Accruals         | \$ 4                    | \$ —         | \$ 4         | \$ 0                     |
| Funds Held for Others                       | (721)                   | 1,298,404    | 1,236,636    | 61,047                   |
| Total Liabilities                           | \$ (717)                | \$ 1,298,404 | \$ 1,236,640 | \$ 61,047                |
| <b>County Medicaid Administrative Funds</b> |                         |              |              |                          |
| <b><u>Assets</u></b>                        |                         |              |              |                          |
| Cash and Cash Equivalents                   | \$ (13)                 | \$ 8,812     | \$ 8,793     | \$ 6                     |
| Accounts Receivable                         | 4,964                   | 8,308        | 11,294       | 1,978                    |
| Total Assets                                | \$ 4,951                | \$ 17,120    | \$ 20,087    | \$ 1,984                 |
| <b><u>Liabilities</u></b>                   |                         |              |              |                          |
| Accounts Payable and Other Accruals         | \$ 3                    | \$ 7,618     | \$ 7,599     | \$ 22                    |
| Funds Held for Others                       | 4,948                   | 9,437        | 12,423       | 1,962                    |
| Total Liabilities                           | \$ 4,951                | \$ 17,055    | \$ 20,022    | \$ 1,984                 |
| <b>Detainees' Accounts</b>                  |                         |              |              |                          |
| <b><u>Assets</u></b>                        |                         |              |              |                          |
| Cash and Cash Equivalents                   | \$ 18,670               | \$ 15,210    | \$ 18,695    | \$ 15,185                |
| <b><u>Liabilities</u></b>                   |                         |              |              |                          |
| Funds Held for Others                       | \$ 18,670               | \$ 15,210    | \$ 18,695    | \$ 15,185                |
| <b>Flexible Benefits Program</b>            |                         |              |              |                          |
| <b><u>Assets</u></b>                        |                         |              |              |                          |
| Cash and Cash Equivalents                   | \$ 9,421                | \$ 182,852   | \$ 180,444   | \$ 11,829                |
| Investments                                 | 2,162                   | 1,228        | 2,161        | 1,229                    |
| Total Assets                                | \$ 11,583               | \$ 184,080   | \$ 182,605   | \$ 13,058                |
| <b><u>Liabilities</u></b>                   |                         |              |              |                          |
| Accounts Payable and Other Accruals         | \$ 8,767                | \$ 190,380   | \$ 191,010   | \$ 8,137                 |
| Funds Held for Others                       | 2,816                   | 192,834      | 190,729      | 4,921                    |
| Total Liabilities                           | \$ 11,583               | \$ 383,214   | \$ 381,739   | \$ 13,058                |
| <b>Railroad Car Tax</b>                     |                         |              |              |                          |
| <b><u>Assets</u></b>                        |                         |              |              |                          |
| Cash and Cash Equivalents                   | \$ 7,075                | \$ 12,729    | \$ 19,163    | \$ 641                   |
| Investments                                 | 2,592                   | 139          | 2,592        | 139                      |
| Total Assets                                | \$ 9,667                | \$ 12,868    | \$ 21,755    | \$ 780                   |
| <b><u>Liabilities</u></b>                   |                         |              |              |                          |
| Funds Held for Others                       | \$ 9,667                | \$ 12,868    | \$ 21,755    | \$ 780                   |

# State of Georgia

## Combining Statement of Changes in Fiduciary Assets and Liabilities

### Agency Funds

For the Fiscal Year Ended June 30, 2007

(expressed in thousands)

|  | Balance<br>July 1, 2006 | Additions    | Deductions   | Balance<br>June 30, 2007 |
|--|-------------------------|--------------|--------------|--------------------------|
| <b>Real Estate Transfer Tax</b>                    |                         |              |              |                          |
| <b><u>Assets</u></b>                               |                         |              |              |                          |
| Cash and Cash Equivalents                          | \$ 1,302                | \$ —         | \$ 157       | \$ 1,145                 |
| <b><u>Liabilities</u></b>                          |                         |              |              |                          |
| Funds Held for Others                              | \$ 1,302                | \$ —         | \$ 157       | \$ 1,145                 |
| <b>Sales Tax Collections for Local Governments</b> |                         |              |              |                          |
| Education Local Option Sales Tax                   |                         |              |              |                          |
| <b><u>Assets</u></b>                               |                         |              |              |                          |
| Cash and Cash Equivalents                          | \$ 79,139               | \$ 1,632,516 | \$ 1,620,157 | \$ 91,498                |
| Investments  | 37,075                  | 15,636       | 37,075       | 15,636                   |
| Total Assets                                       | \$ 116,214              | \$ 1,648,152 | \$ 1,657,232 | \$ 107,134               |
| <b><u>Liabilities</u></b>                          |                         |              |              |                          |
| Funds Held for Others                              | \$ 116,214              | \$ 1,595,440 | \$ 1,604,520 | \$ 107,134               |
| Homestead Option Sales Tax                         |                         |              |              |                          |
| <b><u>Assets</u></b>                               |                         |              |              |                          |
| Cash and Cash Equivalents                          | \$ 6,143                | \$ 118,433   | \$ 117,713   | \$ 6,863                 |
| Investments  | 2,878                   | 1,173        | 2,878        | 1,173                    |
| Total Assets                                       | \$ 9,021                | \$ 119,606   | \$ 120,591   | \$ 8,036                 |
| <b><u>Liabilities</u></b>                          |                         |              |              |                          |
| Funds Held for Others                              | \$ 9,021                | \$ 115,555   | \$ 116,540   | \$ 8,036                 |
| Local Option Sales Tax                             |                         |              |              |                          |
| <b><u>Assets</u></b>                               |                         |              |              |                          |
| Cash and Cash Equivalents                          | \$ 68,771               | \$ 1,404,086 | \$ 1,396,213 | \$ 76,644                |
| Investments  | 32,277                  | 13,119       | 32,277       | 13,119                   |
| Total Assets                                       | \$ 101,048              | \$ 1,417,205 | \$ 1,428,490 | \$ 89,763                |
| <b><u>Liabilities</u></b>                          |                         |              |              |                          |
| Funds Held for Others                              | \$ 101,048              | \$ 1,371,809 | \$ 1,383,094 | \$ 89,763                |
| MARTA Sales Tax                                    |                         |              |              |                          |
| <b><u>Assets</u></b>                               |                         |              |              |                          |
| Cash and Cash Equivalents                          | \$ 16,097               | \$ 359,125   | \$ 356,002   | \$ 19,220                |
| Investments  | 7,542                   | 3,284        | 7,541        | 3,285                    |
| Total Assets                                       | \$ 23,639               | \$ 362,409   | \$ 363,543   | \$ 22,505                |
| <b><u>Liabilities</u></b>                          |                         |              |              |                          |
| Funds Held for Others                              | \$ 26,639               | \$ 348,584   | \$ 352,718   | \$ 22,505                |
| Other Liabilities                                  | (3,000)                 | 3,000        | —            | 0                        |
| Total Liabilities                                  | \$ 23,639               | \$ 351,584   | \$ 352,718   | \$ 22,505                |

(continued)



# State of Georgia

## Combining Statement of Changes in Fiduciary Assets and Liabilities

### Agency Funds (continued)

For the Fiscal Year Ended June 30, 2007

(expressed in thousands)

|  | Balance<br>July 1, 2006 | Additions           | Deductions          | Balance<br>June 30, 2007 |
|--|-------------------------|---------------------|---------------------|--------------------------|
| <b>Sales Tax Collections for Local Governments (continued)</b> |                         |                     |                     |                          |
| Special Purpose Local Option Sales Tax                         |                         |                     |                     |                          |
| <b><u>Assets</u></b>   |                         |                     |                     |                          |
| Cash and Cash Equivalents                                      | \$ 67,493               | \$ 1,334,847        | \$ 1,327,650        | \$ 74,690                |
| Investments  | 31,619                  | 12,764              | 31,619              | 12,764                   |
| Total Assets   | <u>\$ 99,112</u>        | <u>\$ 1,347,611</u> | <u>\$ 1,359,269</u> | <u>\$ 87,454</u>         |
| <b><u>Liabilities</u></b>                                      |                         |                     |                     |                          |
| Funds Held for Others  | <u>\$ 99,112</u>        | <u>\$ 1,303,228</u> | <u>\$ 1,314,886</u> | <u>\$ 87,454</u>         |
| <b>Telecommunications Relay Service Fund</b>                   |                         |                     |                     |                          |
| <b><u>Assets</u></b>   |                         |                     |                     |                          |
| Cash and Cash Equivalents                                      | \$ 12,780               | \$ 9,989            | \$ 5,589            | \$ 17,180                |
| Investments  | 5,939                   | 2,918               | 5,939               | 2,918                    |
| Total Assets   | <u>\$ 18,719</u>        | <u>\$ 12,907</u>    | <u>\$ 11,528</u>    | <u>\$ 20,098</u>         |
| <b><u>Liabilities</u></b>                                      |                         |                     |                     |                          |
| Funds Held for Others  | <u>\$ 18,719</u>        | <u>\$ 4,049</u>     | <u>\$ 2,670</u>     | <u>\$ 20,098</u>         |
| <b>Universal Service Fund</b>                                  |                         |                     |                     |                          |
| <b><u>Assets</u></b>   |                         |                     |                     |                          |
| Cash and Cash Equivalents                                      | <u>\$ 23,892</u>        | <u>\$ 9,463</u>     | <u>\$ 7,450</u>     | <u>\$ 25,905</u>         |
| <b><u>Liabilities</u></b>                                      |                         |                     |                     |                          |
| Funds Held for Others  | <u>\$ 23,892</u>        | <u>\$ 9,463</u>     | <u>\$ 7,450</u>     | <u>\$ 25,905</u>         |
| <b>Miscellaneous</b>   |                         |                     |                     |                          |
| <b><u>Assets</u></b>   |                         |                     |                     |                          |
| Cash and Cash Equivalents                                      | \$ 12,955               | \$ 81,202           | \$ 78,852           | \$ 15,305                |
| Accounts Receivable  | 0                       | 859                 | 382                 | 477                      |
| Investments  | 7,471                   | 4,377               | 6,206               | 5,642                    |
| Other Assets   | 3,179                   | 12,435              | 11,958              | 3,656                    |
| Total Assets   | <u>\$ 23,605</u>        | <u>\$ 98,873</u>    | <u>\$ 97,398</u>    | <u>\$ 25,080</u>         |
| <b><u>Liabilities</u></b>                                      |                         |                     |                     |                          |
| Accounts Payable and Other Accruals                            | \$ 230                  | \$ 20,624           | \$ 20,457           | \$ 397                   |
| Funds Held for Others  | 23,874                  | 80,571              | 78,986              | 25,459                   |
| Other Liabilities  | (499)                   | (253)               | 24                  | (776)                    |
| Total Liabilities  | <u>\$ 23,605</u>        | <u>\$ 100,942</u>   | <u>\$ 99,467</u>    | <u>\$ 25,080</u>         |

# State of Georgia

## Combining Statement of Changes in Fiduciary Assets and Liabilities

### Agency Funds

For the Fiscal Year Ended June 30, 2007

(expressed in thousands)

|                                     | Balance<br>July 1, 2006 | Additions           | Deductions          | Balance<br>June 30, 2007 |
|-------------------------------------|-------------------------|---------------------|---------------------|--------------------------|
| <b>TOTAL - ALL AGENCY FUNDS</b>     |                         |                     |                     |                          |
| <b><u>Assets</u></b>                |                         |                     |                     |                          |
| Cash and Cash Equivalents           | \$ 323,008              | \$ 5,844,737        | \$ 5,750,587        | \$ 417,158               |
| Accounts Receivable                 | 4,964                   | 9,167               | 11,676              | 2,455                    |
| Investments                         | 129,555                 | 54,638              | 128,288             | 55,905                   |
| Other Assets                        | 3,179                   | 12,435              | 11,958              | 3,656                    |
| Total Assets                        | <u>\$ 460,706</u>       | <u>\$ 5,920,977</u> | <u>\$ 5,902,509</u> | <u>\$ 479,174</u>        |
| <b><u>Liabilities</u></b>           |                         |                     |                     |                          |
| Accounts Payable and Other Accruals | \$ 9,004                | \$ 218,622          | \$ 219,070          | \$ 8,556                 |
| Funds Held for Others               | 455,201                 | 6,357,452           | 6,341,259           | 471,394                  |
| Other Liabilities                   | (3,499)                 | 2,747               | 24                  | (776)                    |
| Total Liabilities                   | <u>\$ 460,706</u>       | <u>\$ 6,578,821</u> | <u>\$ 6,560,353</u> | <u>\$ 479,174</u>        |

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## NONMAJOR COMPONENT UNITS

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## NONMAJOR COMPONENT UNITS

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# State of Georgia

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## Nonmajor Component Units

Component units are legally separate organizations for which the primary government is considered to be financially accountable. Nonmajor component units are described below:

### Economic Development Organizations

The Economic Development organizations cultivate business for the State. These organizations are described below:

The **Geo. L. Smith II Georgia World Congress Center Authority** is a body corporate and politic and an instrumentality and public corporation of the State. The authority is responsible for acquiring, constructing, equipping, maintaining and operating the World Congress Center to promote trade shows, conventions and political, musical, educational, entertainment, recreational, athletic or other events. The Governor appoints the fifteen members of the Board.

The **Georgia Development Authority** is a body corporate and politic. The authority was created to assist agricultural and industrial interests by providing credit and servicing functions to better enable farmers and businessmen to obtain needed capital funds. The Board consists of three State officials designated by statute and four members appointed by the Governor.

The **Georgia International and Maritime Trade Center Authority** is a body corporate and politic. The authority was created to develop and promote the growth of the State's import and export markets through its ports and other transportation modes. State officials appoint eight of the twelve members of the Board.

The **Georgia Medical Center Authority** is a body corporate and politic. The general nature of the business of the authority is the provision of life sciences industry research and development and manufacturing facilities and programs based in the State of Georgia, the commercialization of biomedical and biotechnical research results, the promotion of closer ties between academic institutions of the state and the biomedical industry, the facilitation of the development of a life sciences industrial cluster in the State of Georgia, and the advancement of local and state economic growth. The seven Authority members are appointed by State officials.

The **Georgia Ports Authority** is a body corporate and politic. The purpose of the authority is to develop and improve the harbors or seaports of the State for the handling of waterborne commerce and to acquire, construct, equip, maintain, develop and improve said harbors, seaports and their facilities. The Board consists of twelve members, all of which are appointed by the Governor.

The **Georgia Seed Development Commission** is a body corporate and politic and an instrumentality and public corporation of the State whose purpose is to purchase, process, and resell breeders' and foundation seeds. The commission consists of ten members who are accountable as trustees. Of the ten members serving on the Board, six members are State officials or are appointed by State officials.

The **OneGeorgia Authority** is a body corporate and politic and an instrumentality and public corporation of the State. The purpose of the authority is to promote the health, welfare, safety and economic society of the rural citizens of the State through the development and retention of employment opportunities in rural areas and the enhancement of the infrastructures that accomplish that goal. The six members of the Authority are State officials designated by statute.

# State of Georgia

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## Nonmajor Component Units

The **Georgia Higher Education Assistance Corporation** is a public authority, body corporate and politic. The corporation was created to improve the higher educational opportunities of eligible students by guaranteeing educational loan credit to students and to parents of students. The corporation is governed by the Board of Commissioners of the Georgia Student Finance Commission. The Board consists of four State officials designated by statute and eleven members appointed by the Governor.

The **Georgia Highway Authority** is a body corporate and politic. This authority was created to build, rebuild, relocate, construct, reconstruct, surface, resurface, layout, grade, repair, improve, widen, straighten, operate, own, maintain, lease and manage roads, bridges and approaches. The three members of the Authority are State officials designated by statute. The Authority has a separate management report, but separate audited financial statements are not required or issued for it.

The **Georgia Public Telecommunications Commission** is a body corporate and politic. This commission is a public charitable organization created for the purpose of providing educational, instructional and public broadcasting services to citizens of Georgia. The budget of the commission must be approved by the State. The Board consists of nine members appointed by the Governor.

The **Georgia Rail Passenger Authority** is a body corporate and politic. This authority is responsible for construction, financing, operation and development of rail passenger service and other public transportation projects. The Board includes one member appointed by the Governor from each congressional district, as well as two appointed members from the State at large.

The **Georgia Regional Transportation Authority** is a body corporate and politic. The purpose of the authority is to manage land transportation and air quality within certain areas of the State. The Governor appoints the fifteen members of the authority.

The **Georgia Student Finance Authority** is a body corporate and politic. This authority was created for the purpose of improving higher educational opportunities by providing educational scholarship, grant and loan assistance. A substantial amount of funding is provided to the authority by the State. State officials comprise four of the fifteen members of the Board, and the Governor appoints the remaining eleven.

The **Higher Education Foundations** are nonprofit organizations established to secure and manage support for various projects including acquisitions and improvements of properties and facilities.

The **Regional Educational Service Agencies** are agencies established to provide shared services to improve the effectiveness of educational programs and services of local school systems and to provide direct instructional programs to selected public school students. The State has sixteen of these agencies.

The **Superior Court Clerks' Cooperative Authority** is a body corporate and politic and an instrumentality and public corporation of the State created to provide a cooperative for the development, acquisition and distribution of record management systems, information, services, supplies and materials for superior court clerks of the State. Of the seven members of the Board, the Governor appoints three. The nature of this organization is such that it would be misleading to exclude it from the reporting entity.



# State of Georgia

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## Nonmajor Component Units

### Tourism / State Attractions

These organizations promote State interests or encourage visitation to the State through the operation and maintenance of various attractions. Organizations involved in such activities are described below:

The **Georgia Agricultural Exposition Authority** is a body corporate and politic. This authority is responsible for provision of a facility for the agricultural community, for public events, exhibits and other activities and for promotion and staging of a statewide fair. The Governor appoints the nine Board members.

The **Georgia Agrirama Development Authority** is a body corporate and politic. The purpose of this authority is to utilize all funds for the purpose of beautifying, improving, developing, maintaining, administering, managing and promoting an agricultural museum in or around Tifton, Georgia; this museum is designated as the State Museum of Agriculture. Of the fifteen members of the Board, four are State officials designated by statute and the Governor appoints eight members.

The **Georgia Golf Hall of Fame Authority** is a body corporate and politic. The authority was created to construct, operate and manage a facility and related attractions to house the Georgia Golf Hall of Fame. The authority is governed by the fifteen members appointed by State officials to the Golf Hall of Fame Board.

The **Georgia Music Hall of Fame Authority** is a body corporate and politic whose purpose is to construct, operate and maintain the Music Hall of Fame, as well as to promote music events at the facility and throughout the State. The Governor appoints the sixteen members of the Board.

The **Georgia Sports Hall of Fame Authority** is a body corporate and politic. This authority was created to construct and maintain a facility to house the Georgia Sports Hall of Fame to honor those who have made outstanding and lasting contributions to sports and athletics, and to operate, advertise and promote the Sports Hall of Fame. State officials appoint the eighteen members of the Board. The Georgia State Financing and Investment Commission must approve the issuance of Authority bonds.

The **Jekyll Island State Park Authority** is a body corporate and politic and an instrumentality and public corporation of the State. The authority was created to operate and manage resort recreational facilities on Jekyll Island. The Board consists of one State official designated by statute and eight members appointed by the Governor.

The **Lake Lanier Islands Development Authority** is a body corporate and politic and an instrumentality and public corporation of the State. The purpose of the authority is to manage, preserve and protect projects on Lake Lanier Islands. The Board consists of one State official designated by statute and eight members appointed by the Governor.

The **North Georgia Mountains Authority** is a body corporate and politic and an instrumentality and public corporation of the State responsible for the construction and management of recreation, accommodation and tourist facilities and services. The Governor appoints the nine members of the Board.

The **Oconee River Greenway Authority** is a body corporate and politic and an instrumentality and public corporation of the State responsible for community land conservation, protection and restoration along the Oconee River corridor. Such projects add both to the quality of life and to economic development in Central Georgia. The Georgia State Financing and Investment Commission must approve the issuance of Authority bonds.

# State of Georgia

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## Nonmajor Component Units

The **Sapelo Island Heritage Authority** is a body corporate and politic. The purpose of the authority is the preservation of the cultural and historic values of Hog Hammock Community located on Greater Sapelo Island. The Board consists of four State officials designated by statute and one member appointed by the Governor. The State has assumed the obligation to provide financial support for real property acquisition.

The **Southwest Georgia Railroad Excursion Authority** is a body corporate and politic and an instrumentality and public corporation of the State. The authority was created for the purposes of construction, financing, operation, and development of rail passenger excursion projects utilizing any state owned railway in southwest Georgia. The thirteen member Board is appointed by officials of counties and municipalities within the service area. The Georgia State Financing and Investment Commission must approve the issuance of bonds.

The **Stone Mountain Memorial Association** is a body corporate and politic and an instrumentality and public corporation of the State. The Authority is responsible for the preservation and protection of Stone Mountain as a Confederate memorial and public recreational area. The Board consists of one State official designated by statute and eight members appointed by the Governor.

# State of Georgia

## Combining Statement of Net Assets

### Nonmajor Component Units

June 30, 2007

(expressed in thousands)

|                                     | Economic<br>Development<br>Organizations<br>(see combining) | Georgia<br>Higher Education<br>Assistance<br>Corporation | Georgia<br>Highway<br>Authority | Georgia Public<br>Telecommunications<br>Commission | Georgia<br>Rail Passenger<br>Authority |
|-------------------------------------|---|--|---------------------------------|--|--|
| <b>Assets</b>                       |   |  |                                 |  |  |
| <b>Current Assets:</b>              |   |  |                                 |  |  |
| Cash and Cash Equivalents           | \$ 319,161  | \$ 17,237  | \$ 551                          | \$ 4,003   | \$ —                                   |
| Investments                         | 49,858  | —  | 4,726                           | 13,729   | 18                                     |
| Receivables                         |   |  |                                 |  |  |
| Accounts (Net)                      | 49,486  | 83   | —                               | 2,813  | —                                      |
| Taxes                               | 311   | —  | —                               | —  | —                                      |
| Interest and Dividends              | 1,804   | —  | —                               | —  | —                                      |
| Notes and Loans                     | 78,025  | —  | —                               | —  | —                                      |
| Due from Primary Government         | —   | —  | —                               | —  | —                                      |
| Due from Component Units            | —   | —  | —                               | —  | —                                      |
| Intergovernmental Receivables       | —   | 854  | —                               | —  | —                                      |
| Inventories                         | 5,235   | —  | —                               | 11   | —                                      |
| Prepaid Items                       | 1,861   | —  | —                               | —  | —                                      |
| Other Current Assets                | —   | —  | —                               | —  | 3,522                                  |
| <b>Noncurrent Assets:</b>           |   |  |                                 |  |  |
| Investments                         | 4,486   | —  | —                               | —  | —                                      |
| Receivables (Net)                   |   |  |                                 |  |  |
| Notes and Loans                     | 4,216   | —  | —                               | —  | —                                      |
| Other                               | —   | —  | —                               | —  | —                                      |
| Due from Primary Government         | —   | —  | —                               | —  | —                                      |
| Due from Component Units            | —   | —  | —                               | —  | —                                      |
| <b>Restricted Assets</b>            |   |  |                                 |  |  |
| Cash and Cash Equivalents           | 14,287  | —  | —                               | —  | —                                      |
| Investments                         | 46,212  | —  | —                               | —  | —                                      |
| Receivables                         |   |  |                                 |  |  |
| Other                               | 131   | —  | —                               | —  | —                                      |
| <b>Capital Assets:</b>              |   |  |                                 |  |  |
| Land                                | 192,877   | —  | —                               | 1,279  | —                                      |
| Buildings and Building Improvements | 334,595   | —  | —                               | 26,127   | —                                      |
| Improvements Other Than Buildings   | 239,335   | —  | —                               | —  | —                                      |
| Machinery and Equipment             | 244,669   | —  | —                               | 23,094   | —                                      |
| Works of Art and Collections        | —   | —  | —                               | —  | —                                      |
| Infrastructure                      | 176,581   | —  | —                               | —  | —                                      |
| Construction in Progress            | 35,324  | —  | —                               | —  | —                                      |
| Accumulated Depreciation            | (461,253)   | —  | —                               | (27,440)   | —                                      |
| Other Noncurrent Assets             | 4,477   | —  | —                               | —  | —                                      |
| <b>Total Assets</b>                 | <b>\$ 1,341,678</b>   | <b>\$ 18,174</b>   | <b>\$ 5,277</b>                 | <b>\$ 43,616</b>                                   | <b>\$ 3,540</b>                        |

| Georgia Regional<br>Transportation<br>Authority | Georgia<br>Student Finance<br>Authority | Higher<br>Education<br>Foundations | Regional<br>Educational<br>Service Agencies | Superior Court<br>Clerks' Cooperative<br>Authority | Tourism / State<br>Attractions<br>(see combining) | Total        |
|---|---|------------------------------------|---|--|---|--------------|
| \$ 15,167                                       | \$ 654                                  | \$ 251,193                         | \$ 17,213                                   | \$ 7,277   | \$ 14,715   | \$ 647,171   |
| 2,567   | —                                       | 97,136                             | 777   | 3,667  | 35,579  | 208,057      |
| 10,869  | —                                       | 153,885                            | 5,679                                       | 1,708  | 3,507   | 228,030      |
| —   | —                                       | —                                  | —   | —  | —   | 311          |
| —   | 2,176                                   | —                                  | —   | —  | —   | 3,980        |
| —   | 86,386                                  | 475                                | —   | —  | —   | 164,886      |
| —   | 57                                      | 987                                | —   | —  | —   | 1,044        |
| —   | 796                                     | 3,854                              | —   | —  | —   | 4,650        |
| 5,971   | 933                                     | —                                  | 3,892                                       | —  | —   | 11,650       |
| 65  | —                                       | 7,627                              | 3,465                                       | —  | 512   | 16,915       |
| 234   | —                                       | 7,793                              | 190   | —  | 61  | 10,139       |
| —   | 373                                     | 50,516                             | 71  | —  | —   | 54,482       |
| —   | —                                       | 1,207,213                          | —   | —  | —   | 1,211,699    |
| —   | 4,158                                   | 187                                | —   | —  | —   | 8,561        |
| —   | —                                       | 528,931                            | —   | —  | —   | 528,931      |
| —   | —                                       | 3,500                              | —   | —  | —   | 3,500        |
| —   | —                                       | 90,332                             | —   | —  | —   | 90,332       |
| —   | —                                       | 132,065                            | —   | 7,326  | —   | 153,678      |
| —   | —                                       | —                                  | —   | —  | —   | 46,212       |
| —   | —                                       | —                                  | —   | —  | —   | 131          |
| —   | 374                                     | 53,101                             | 229   | —  | 21,346  | 269,206      |
| —   | 5,231                                   | 703,065                            | 2,961                                       | 63   | 172,374   | 1,244,416    |
| —   | —                                       | 41,077                             | 389   | —  | 36,076  | 316,877      |
| 39,885  | 3,824                                   | 172,947                            | 2,524                                       | 12,026   | 42,081  | 541,050      |
| —   | —                                       | 241                                | —   | —  | 801   | 1,042        |
| —   | —                                       | —                                  | —   | —  | 15,189  | 191,770      |
| —   | 158                                     | 202,175                            | —   | —  | 11,717  | 249,374      |
| (9,619)   | (6,270)                                 | (256,135)                          | (2,484)                                     | (10,284)   | (125,042)   | (898,527)    |
| —   | —                                       | 33,285                             | —   | 27   | —   | 37,789       |
| \$ 65,139                                       | \$ 98,850                               | \$ 3,485,450                       | \$ 34,906                                   | \$ 21,810  | \$ 228,916  | \$ 5,347,356 |

(continued)

# State of Georgia

## Combining Statement of Net Assets Nonmajor Component Units (continued) June 30, 2007 (expressed in thousands)

|  | Economic<br>Development<br>Organizations<br>(see combining) | Georgia<br>Higher Education<br>Assistance<br>Corporation | Georgia<br>Highway<br>Authority | Georgia Public<br>Telecommunications<br>Commission | Georgia<br>Rail Passenger<br>Authority |
|--|---|--|---------------------------------|--|--|
| <b>Liabilities</b>                                     |   |  |                                 |  |  |
| Current Liabilities:                                   |   |  |                                 |  |  |
| Cash Overdraft   | \$ —  | \$ —   | \$ —                            | \$ —   | \$ 3,420                               |
| Accounts Payable and Other Accruals                    | 26,829  | 240  | —                               | 1,002  | 5                                      |
| Due to Primary Government                              | 43  | —  | —                               | 99   | —                                      |
| Due to Component Units                                 | —   | 796  | —                               | —  | —                                      |
| Salaries/Withholdings Payable                          | 1,012   | —  | —                               | —  | —                                      |
| Contracts Payable                                      | 121   | —  | —                               | —  | —                                      |
| Funds Held for Others                                  | —   | —  | —                               | —  | —                                      |
| Unearned Revenue                                       | 26,475  | —  | —                               | 1,816  | —                                      |
| Compensated Absences Payable - Current                 | 1,901   | —  | —                               | 466  | —                                      |
| Capital Leases/Installment Purchases Payable - Current | —   | —  | —                               | —  | —                                      |
| Notes and Loans Payable - Current                      | 4,987   | —  | —                               | —  | —                                      |
| Revenue Bonds Payable - Current                        | 8,100   | —  | —                               | —  | —                                      |
| Other Current Liabilities                              | 366   | 2,152  | —                               | —  | —                                      |
| Current Liabilities Payable from Restricted Assets:    |   |  |                                 |  |  |
| Accrued Interest Payable                               | 4,368   | —  | —                               | —  | —                                      |
| Revenue Bonds Payable - Current                        | 7,210   | —  | —                               | —  | —                                      |
| Noncurrent Liabilities:                                |   |  |                                 |  |  |
| Unearned Revenue                                       | —   | —  | —                               | —  | —                                      |
| Compensated Absences Payable                           | 1,288   | —  | —                               | 776  | —                                      |
| Capital Leases/Installment Purchases Payable           | —   | —  | —                               | —  | —                                      |
| Notes and Loans Payable                                | 19,449  | —  | —                               | —  | —                                      |
| Revenue/Mortgage Bonds Payable                         | 189,505   | —  | —                               | —  | —                                      |
| Advances from Primary Government                       | —   | —  | —                               | —  | —                                      |
| Other Noncurrent Liabilities                           | 14,966  | —  | —                               | —  | —                                      |
| <b>Total Liabilities</b>                               | <b>\$ 306,620</b>   | <b>\$ 3,188</b>  | <b>\$ 0</b>                     | <b>\$ 4,159</b>                                    | <b>\$ 3,425</b>                        |
| <b>Net Assets</b>                                      |   |  |                                 |  |  |
| Invested in Capital Assets, Net of Related Debt        | \$ 566,348  | \$ —   | \$ —                            | \$ 23,060  | \$ —                                   |
| Restricted for:  |   |  |                                 |  |  |
| Bond Covenants/Debt Service                            | 37,749  | —  | —                               | —  | —                                      |
| Construction   | —   | —  | —                               | —  | —                                      |
| Higher Education                                       |   |  |                                 |  |  |
| Expendable   | —   | —  | —                               | —  | —                                      |
| Nonexpendable  | —   | —  | —                               | —  | —                                      |
| Other Purposes   | 787   | —  | —                               | 36   | —                                      |
| Unrestricted   | 430,174   | 14,986   | 5,277                           | 16,361   | 115                                    |
| <b>Total Net Assets</b>                                | <b>\$ 1,035,058</b>   | <b>\$ 14,986</b>   | <b>\$ 5,277</b>                 | <b>\$ 39,457</b>                                   | <b>\$ 115</b>                          |

| Georgia Regional<br>Transportation<br>Authority | Georgia<br>Student Finance<br>Authority | Higher<br>Education<br>Foundations | Regional<br>Educational<br>Service Agencies | Superior Court<br>Clerks' Cooperative<br>Authority | Tourism / State<br>Attractions<br>(see combining) | Total        |
|---|---|------------------------------------|---|--|---|--------------|
| \$ —  | \$ —                                    | \$ —                               | \$ —  | \$ —   | \$ —  | 3,420        |
| 1,867   | 13,957                                  | 80,400                             | 3,025                                       | 3,678  | 10,357  | 141,360      |
| 47  | 1,186                                   | 74,293                             | —   | —  | 2,698   | 78,366       |
| —   | —                                       | 3,424                              | —   | —  | —   | 4,220        |
| 96  | —                                       | 4,308                              | 4,926                                       | —  | 474   | 10,816       |
| —   | —                                       | 630                                | —   | —  | —   | 751          |
| —   | —                                       | 23,612                             | —   | —  | —   | 23,612       |
| 18,978  | 3,047                                   | 70,813                             | 190   | —  | 661   | 121,980      |
| —   | 765                                     | 12,265                             | 5   | —  | 184   | 15,586       |
| —   | —                                       | 5,879                              | 75  | —  | 10  | 5,964        |
| —   | 19,300                                  | 13,633                             | 45  | —  | —   | 37,965       |
| —   | —                                       | 20,226                             | —   | —  | —   | 28,326       |
| —   | 2,060                                   | 4,043                              | —   | 7,326  | 13  | 15,960       |
| —   | —                                       | —                                  | —   | —  | —   | 4,368        |
| —   | —                                       | —                                  | —   | —  | —   | 7,210        |
| —   | —                                       | 255,891                            | —   | —  | —   | 255,891      |
| 299   | —                                       | 34                                 | 257   | —  | 685   | 3,339        |
| —   | —                                       | 25,009                             | 105   | —  | 21  | 25,135       |
| —   | —                                       | 45,689                             | 173   | —  | —   | 65,311       |
| —   | —                                       | 1,223,510                          | —   | —  | —   | 1,413,015    |
| —   | —                                       | 2,003                              | —   | —  | 14,475  | 16,478       |
| —   | —                                       | 30,359                             | —   | —  | —   | 45,325       |
| \$ 21,287                                       | \$ 40,315                               | \$ 1,896,021                       | \$ 8,801                                    | \$ 11,004  | \$ 29,578   | \$ 2,324,398 |
| \$ 30,266                                       | \$ 3,317                                | \$ 141,815                         | \$ 3,619                                    | \$ 1,805   | \$ 174,511  | \$ 944,741   |
| —   | —                                       | —                                  | —   | —  | —   | 37,749       |
| —   | —                                       | 1,000                              | —   | —  | —   | 1,000        |
| —   | —                                       | 500,736                            | —   | —  | —   | 500,736      |
| —   | —                                       | 524,029                            | —   | —  | —   | 524,029      |
| 1,482   | —                                       | —                                  | —   | —  | —   | 2,305        |
| 12,104  | 55,218                                  | 421,849                            | 22,486                                      | 9,001  | 24,827  | 1,012,398    |
| \$ 43,852                                       | \$ 58,535                               | \$ 1,589,429                       | \$ 26,105                                   | \$ 10,806  | \$ 199,338  | \$ 3,022,958 |

# State of Georgia

## Combining Statement of Activities

### Nonmajor Component Units

For the Fiscal Year Ended June 30, 2007

(expressed in thousands)

|                                       | Economic<br>Development<br>Organizations<br>(see combining) | Georgia<br>Higher Education<br>Assistance<br>Corporation | Georgia<br>Highway<br>Authority | Georgia Public<br>Telecommunications<br>Commission | Georgia<br>Rail Passenger<br>Authority |
|---------------------------------------|---|--|---------------------------------|--|--|
| Expenses                              | \$ 298,540  | \$ 11,029  | \$ —                            | \$ 31,794  | \$ 6                                   |
| Program Revenues:                     |   |  |                                 |  |  |
| Sales and Charges for Services        | \$ 287,331  | \$ 12,025  | \$ —                            | \$ 3,622   | \$ —                                   |
| Operating Grants and Contributions    | 9,696   | —  | —                               | 9,330  | —                                      |
| Capital Grants and Contributions      | 28,552  | —  | —                               | —  | —                                      |
| Total Program Revenues                | \$ 325,579  | \$ 12,025  | \$ 0                            | \$ 12,952  | \$ 0                                   |
| Net (Expenses) Revenue                | \$ 27,039   | \$ 996   | \$ 0                            | \$ (18,842)  | \$ (6)                                 |
| General Revenues:                     |   |  |                                 |  |  |
| Taxes                                 | \$ 26,749   | \$ —   | \$ —                            | \$ —   | \$ —                                   |
| Unrestricted Investment Income        | 17,880  | 862  | 266                             | 1,306  | 60                                     |
| Payments from the State of Georgia    | 47,035  | —  | —                               | 17,023   | —                                      |
| Contributions to Permanent Endowments | —   | —  | —                               | —  | —                                      |
| Other                                 | 3,850   | 1  | —                               | —  | 24                                     |
| Total General Revenues                | \$ 95,514   | \$ 863   | \$ 266                          | \$ 18,329  | \$ 84                                  |
| Change in Net Assets                  | \$ 122,553  | \$ 1,859   | \$ 266                          | \$ (513)   | \$ 78                                  |
| Net Assets, July 1                    | 912,211   | 13,127   | 5,011                           | 39,970   | 37                                     |
| Adjustments                           | 294   | —  | —                               | —  | —                                      |
| Correction of Prior Year Errors       | —   | —  | —                               | —  | —                                      |
| Net Assets, June 30                   | \$ 1,035,058  | \$ 14,986  | \$ 5,277                        | \$ 39,457  | \$ 115                                 |

| Georgia Regional<br>Transportation<br>Authority | Georgia<br>Student Finance<br>Authority | Higher<br>Education<br>Foundations | Regional<br>Educational<br>Service Agencies | Superior Court<br>Clerks' Cooperative<br>Authority | Tourism / State<br>Attractions<br>(see combining) | Total        |
|---|---|------------------------------------|---|--|---|--------------|
| \$ 31,213                                       | \$ 23,321                               | \$ 1,187,989                       | \$ 99,831                                   | \$ 16,496  | \$ 56,027   | \$ 1,756,246 |
| \$ 3,860  | \$ 27,884                               | \$ 642,018                         | \$ 18,090                                   | \$ 17,199  | \$ 51,858   | \$ 1,063,887 |
| 10,000  | 508                                     | 516,171                            | 71,194                                      | —  | 255   | 617,154      |
| 7,606   | —                                       | 32,513                             | —   | —  | 975   | 69,646       |
| \$ 21,466                                       | \$ 28,392                               | \$ 1,190,702                       | \$ 89,284                                   | \$ 17,199  | \$ 53,088   | \$ 1,750,687 |
| \$ (9,747)                                      | \$ 5,071                                | \$ 2,713                           | \$ (10,547)                                 | \$ 703   | \$ (2,939)  | \$ (5,559)   |
| \$ —  | \$ —                                    | \$ —                               | \$ —  | \$ —   | \$ 1,351  | \$ 28,100    |
| 1,397   | 126                                     | 188,914                            | 630   | 468  | 1,887   | 213,796      |
| 4,571   | —                                       | —                                  | —   | —  | 4,935   | 73,564       |
| —   | —                                       | 25,926                             | —   | —  | —   | 25,926       |
| 142   | —                                       | 224                                | 11,690                                      | 26   | 854   | 16,811       |
| \$ 6,110  | \$ 126                                  | \$ 215,064                         | \$ 12,320                                   | \$ 494   | \$ 9,027  | \$ 358,197   |
| \$ (3,637)                                      | \$ 5,197                                | \$ 217,777                         | \$ 1,773                                    | \$ 1,197   | \$ 6,088  | \$ 352,638   |
| 47,489  | 53,338                                  | 1,380,487                          | 24,332                                      | 9,609  | 184,022   | 2,669,633    |
| —   | —                                       | —                                  | —   | —  | 9,228   | 9,522        |
| —   | —                                       | (8,835)                            | —   | —  | —   | (8,835)      |
| \$ 43,852                                       | \$ 58,535                               | \$ 1,589,429                       | \$ 26,105                                   | \$ 10,806  | \$ 199,338  | \$ 3,022,958 |



# State of Georgia

## Combining Statement of Net Assets Nonmajor Component Units Economic Development Organizations June 30, 2007 (expressed in thousands)

|                                     | Geo. L. Smith II<br>Georgia World<br>Congress Center<br>Authority | Georgia<br>Development<br>Authority | Georgia<br>International and<br>Maritime Trade<br>Center Authority |
|-------------------------------------|---|-------------------------------------|--|
| <b>Assets</b>                       |   |                                     |  |
| Current Assets:                     |   |                                     |  |
| Cash and Cash Equivalents           | \$ 34,584   | \$ 4,207                            | \$ 3,227   |
| Investments                         | 82  | 448                                 | —  |
| Receivables                         |   |                                     |  |
| Accounts (Net)                      | 14,170  | —                                   | 305  |
| Taxes                               | —   | —                                   | 311  |
| Interest and Dividends              | —   | 1,804                               | —  |
| Notes and Loans                     | —   | 66,370                              | —  |
| Inventories                         | 293   | —                                   | —  |
| Prepaid Items                       | 472   | —                                   | —  |
| Noncurrent Assets:                  |   |                                     |  |
| Investments                         | —   | —                                   | —  |
| Receivables (Net)                   |   |                                     |  |
| Notes and Loans                     | —   | —                                   | —  |
| Restricted Assets                   |   |                                     |  |
| Cash and Cash Equivalents           | 5,086   | —                                   | —  |
| Investments                         | 45,912  | —                                   | —  |
| Receivables                         |   |                                     |  |
| Other                               | 131   | —                                   | —  |
| Capital Assets:                     |   |                                     |  |
| Land                                | 37,283  | —                                   | —  |
| Buildings and Building Improvements | 209,403   | —                                   | —  |
| Improvements Other Than Buildings   | 35,798  | —                                   | 1,217  |
| Machinery and Equipment             | 23,013  | 56                                  | 3,412  |
| Infrastructure                      | —   | —                                   | —  |
| Construction in Progress            | —   | —                                   | 236  |
| Accumulated Depreciation            | (129,364)   | (37)                                | (2,950)  |
| Other Noncurrent Assets             | —   | —                                   | —  |
| <b>Total Assets</b>                 | <b>\$ 276,863</b>   | <b>\$ 72,848</b>                    | <b>\$ 5,758</b>  |

| Georgia<br>Medical Center<br>Authority | Georgia Ports<br>Authority | Georgia Seed<br>Development<br>Commission | OneGeorgia<br>Authority | Total        |
|--|----------------------------|---|-------------------------|--------------|
| \$ 36                                  | \$ 116,356                 | \$ 2,581                                  | \$ 158,170              | \$ 319,161   |
| —                                      | 22,101                     | 324                                       | 26,903                  | 49,858       |
| —                                      | 34,210                     | 801                                       | —                       | 49,486       |
| —                                      | —                          | —   | —                       | 311          |
| —                                      | —                          | —   | —                       | 1,804        |
| —                                      | 319                        | —   | 11,336                  | 78,025       |
| —                                      | 4,834                      | 108                                       | —                       | 5,235        |
| —                                      | 1,389                      | —   | —                       | 1,861        |
| —                                      | 4,486                      | —   | —                       | 4,486        |
| —                                      | 4,216                      | —   | —                       | 4,216        |
| —                                      | 9,201                      | —   | —                       | 14,287       |
| —                                      | 300                        | —   | —                       | 46,212       |
| —                                      | —                          | —   | —                       | 131          |
| —                                      | 155,448                    | 146                                       | —                       | 192,877      |
| —                                      | 125,192                    | —   | —                       | 334,595      |
| —                                      | 202,320                    | —   | —                       | 239,335      |
| 560                                    | 217,605                    | —   | 23                      | 244,669      |
| —                                      | 176,581                    | —   | —                       | 176,581      |
| 29                                     | 35,059                     | —   | —                       | 35,324       |
| (365)                                  | (328,526)                  | —   | (11)                    | (461,253)    |
| —                                      | 4,477                      | —   | —                       | 4,477        |
| \$ 260                                 | \$ 785,568                 | \$ 3,960                                  | \$ 196,421              | \$ 1,341,678 |
| (continued)                            |                            |   |                         |              |

# State of Georgia

## Combining Statement of Net Assets

### Nonmajor Component Units

### Economic Development Organizations (continued)

### June 30, 2007

(expressed in thousands)

|   | Geo. L. Smith II<br>Georgia World<br>Congress Center<br>Authority | Georgia<br>Development<br>Authority | Georgia<br>International and<br>Maritime Trade<br>Center Authority |
|---|---|-------------------------------------|--|
| <b>Liabilities</b>                                  |   |                                     |  |
| Current Liabilities:                                |   |                                     |  |
| Accounts Payable and Other Accruals                 | \$ 6,112  | \$ 590                              | \$ 158   |
| Due to Primary Government                           | 12  | —                                   | —  |
| Salaries/Withholdings Payable                       | 71  | —                                   | —  |
| Contracts Payable                                   | —   | —                                   | 121  |
| Unearned Revenue                                    | 25,111  | —                                   | —  |
| Compensated Absences Payable - Current              | 209   | —                                   | —  |
| Notes and Loans Payable - Current                   | —   | 4,634                               | 44   |
| Revenue Bonds Payable - Current                     | —   | —                                   | —  |
| Other Current Liabilities                           | 366   | —                                   | —  |
| Current Liabilities Payable from Restricted Assets: |   |                                     |  |
| Accrued Interest Payable                            | 4,368   | —                                   | —  |
| Revenue Bonds Payable - Current                     | 7,210   | —                                   | —  |
| Noncurrent Liabilities:                             |   |                                     |  |
| Compensated Absences Payable                        | 1,288   | —                                   | —  |
| Notes and Loans Payable                             | —   | 19,369                              | 80   |
| Revenue/Mortgage Bonds Payable                      | 146,285   | —                                   | —  |
| Other Noncurrent Liabilities                        | 9,251   | 1,689                               | —  |
| <b>Total Liabilities</b>                            | <b>\$ 200,283</b>   | <b>\$ 26,282</b>                    | <b>\$ 403</b>  |
| <b>Net Assets</b>                                   |   |                                     |  |
| Invested in Capital Assets, Net of Related Debt     | \$ 22,638   | \$ 19                               | \$ 1,791   |
| Restricted for:                                     |   |                                     |  |
| Bond Covenants/Debt Service                         | 37,449  | —                                   | —  |
| Other Purposes                                      | 787   | —                                   | —  |
| Unrestricted  | 15,706  | 46,547                              | 3,564  |
| <b>Total Net Assets</b>                             | <b>\$ 76,580</b>  | <b>\$ 46,566</b>                    | <b>\$ 5,355</b>  |

| Georgia<br>Medical Center<br>Authority | Georgia Ports<br>Authority | Georgia Seed<br>Development<br>Commission | OneGeorgia<br>Authority | Total        |
|--|----------------------------|---|-------------------------|--------------|
| \$ 4                                   | \$ 19,415                  | \$ —                                      | \$ 550                  | \$ 26,829    |
| —                                      | 31                         | —   | —                       | 43           |
| —                                      | 941                        | —   | —                       | 1,012        |
| —                                      | —                          | —   | —                       | 121          |
| —                                      | 1,364                      | —   | —                       | 26,475       |
| —                                      | 1,692                      | —   | —                       | 1,901        |
| —                                      | 309                        | —   | —                       | 4,987        |
| —                                      | 8,100                      | —   | —                       | 8,100        |
| —                                      | —                          | —   | —                       | 366          |
| —                                      | —                          | —   | —                       | 4,368        |
| —                                      | —                          | —   | —                       | 7,210        |
| —                                      | —                          | —   | —                       | 1,288        |
| —                                      | —                          | —   | —                       | 19,449       |
| —                                      | 43,220                     | —   | —                       | 189,505      |
| —                                      | 4,026                      | —   | —                       | 14,966       |
| \$ 4                                   | \$ 79,098                  | \$ 0                                      | \$ 550                  | \$ 306,620   |
| \$ 224                                 | \$ 541,518                 | \$ 146                                    | \$ 12                   | \$ 566,348   |
| —                                      | 300                        | —   | —                       | 37,749       |
| —                                      | —                          | —   | —                       | 787          |
| 32                                     | 164,652                    | 3,814                                     | 195,859                 | 430,174      |
| \$ 256                                 | \$ 706,470                 | \$ 3,960                                  | \$ 195,871              | \$ 1,035,058 |

# State of Georgia

## Combining Statement of Activities Nonmajor Component Units Economic Development Organizations For the Fiscal Year Ended June 30, 2007 (expressed in thousands)

|  | Geo. L. Smith II<br>Georgia World<br>Congress Center<br>Authority | Georgia<br>Development<br>Authority | Georgia<br>International and<br>Maritime Trade<br>Center Authority |
|--|---|-------------------------------------|--|
| Expenses                                       | \$ 92,701   | \$ 2,421                            | \$ 2,660   |
| Program Revenues:                              |   |                                     |  |
| Sales and Charges for Services                 | \$ 70,269   | \$ 5,208                            | \$ 516   |
| Operating Grants and Contributions             | —   | —                                   | —  |
| Capital Grants and Contributions               | —   | —                                   | 135  |
| Total Program Revenues                         | \$ 70,269   | \$ 5,208                            | \$ 651   |
| Net (Expenses) Revenue                         | \$ (22,432)   | \$ 2,787                            | \$ (2,009)   |
| General Revenues:                              |   |                                     |  |
| Taxes  | \$ 24,411   | \$ —                                | \$ 2,338   |
| Unrestricted Investment Income                 | 3,773   | 326                                 | 111  |
| Payments from the State of Georgia             | —   | —                                   | —  |
| Other  | 3,115   | —                                   | —  |
| Total General Revenues                         | \$ 31,299   | \$ 326                              | \$ 2,449   |
| Change in Net Assets                           | \$ 8,867  | \$ 3,113                            | \$ 440   |
| Net Assets, July 1                             | 67,713  | 43,453                              | 4,915  |
| Adjustment                                     | —   | —                                   | —  |
| Inclusion of New Reporting Entity Organization | —   | —                                   | —  |
| Net Assets, June 30                            | \$ 76,580   | \$ 46,566                           | \$ 5,355   |

| Georgia<br>Medical Center<br>Authority | Georgia Ports<br>Authority | Georgia Seed<br>Development<br>Commission | OneGeorgia<br>Authority | Total        |
|--|----------------------------|---|-------------------------|--------------|
| \$ 470                                 | \$ 159,474                 | \$ 5,937                                  | \$ 34,877               | \$ 298,540   |
| \$ 2                                   | \$ 205,039                 | \$ 6,297                                  | \$ —                    | \$ 287,331   |
| 430                                    | 9,266                      | —   | —                       | 9,696        |
| —                                      | 28,417                     | —   | —                       | 28,552       |
| \$ 432                                 | \$ 242,722                 | \$ 6,297                                  | \$ 0                    | \$ 325,579   |
| \$ (38)                                | \$ 83,248                  | \$ 360                                    | \$ (34,877)             | \$ 27,039    |
| \$ —                                   | \$ —                       | \$ —                                      | \$ —                    | \$ 26,749    |
| —                                      | 6,426                      | 182                                       | 7,062                   | 17,880       |
| —                                      | —                          | —   | 47,035                  | 47,035       |
| —                                      | 649                        | 82  | 4                       | 3,850        |
| \$ 0                                   | \$ 7,075                   | \$ 264                                    | \$ 54,101               | \$ 95,514    |
| \$ (38)                                | \$ 90,323                  | \$ 624                                    | \$ 19,224               | \$ 122,553   |
| 0                                      | 616,147                    | 3,336                                     | 176,647                 | 912,211      |
| 294                                    | —                          | —   | —                       | 294          |
| \$ 256                                 | \$ 706,470                 | \$ 3,960                                  | \$ 195,871              | \$ 1,035,058 |

# State of Georgia

## Combining Statement of Net Assets

### Nonmajor Component Units

#### Tourism/State Attractions

June 30, 2007

(expressed in thousands)

|  | Georgia Agricultural<br>Exposition<br>Authority | Georgia Agrirama<br>Development<br>Authority | Georgia Golf<br>Hall of Fame<br>Authority | Georgia Music<br>Hall of Fame<br>Authority | Georgia Sports<br>Hall of Fame<br>Authority |
|--|---|--|---|--|---|
| <b>Assets</b>  |   |  |   |  |   |
| <b>Current Assets:</b>                                 |   |  |   |  |   |
| Cash and Cash Equivalents                              | \$ 7  | \$ 232                                       | \$ 70                                     | \$ 804                                     | \$ 367                                      |
| Investments  | —   | —  | —   | —  | —   |
| Receivables  | —   | —  | —   | —  | —   |
| Accounts (Net)   | 222   | —  | —   | 3  | 11  |
| Inventories  | —   | 21   | 40  | 58   | 45  |
| Prepaid Items  | —   | —  | —   | —  | 2   |
| <b>Noncurrent Assets:</b>                              |   |  |   |  |   |
| <b>Capital Assets:</b>                                 |   |  |   |  |   |
| Land   | 4,890   | 450  | —   | —  | —   |
| Buildings and Building Improvements                    | 29,144  | 1,678  | —   | —  | —   |
| Improvements Other Than Buildings                      | —   | —  | 1,765                                     | —  | —   |
| Machinery and Equipment                                | 2,261   | 119  | —   | 129  | 145   |
| Works of Art and Collections                           | —   | 79   | —   | 529  | —   |
| Infrastructure   | —   | —  | —   | —  | —   |
| Construction in Progress                               | —   | —  | —   | —  | —   |
| Accumulated Depreciation                               | (9,264)   | (871)  | (353)                                     | (129)                                      | (143)                                       |
| Total Assets   | \$ 27,260                                       | \$ 1,708                                     | \$ 1,522                                  | \$ 1,394                                   | \$ 427                                      |
| <b>Liabilities</b>                                     |   |  |   |  |   |
| <b>Current Liabilities:</b>                            |   |  |   |  |   |
| Accounts Payable and Other Accruals                    | \$ 31   | \$ —   | \$ 1                                      | \$ 27                                      | \$ —  |
| Due to Primary Government                              | —   | —  | —   | —  | —   |
| Salaries/Withholdings Payable                          | —   | —  | —   | —  | —   |
| Unearned Revenue                                       | 175   | 6  | —   | —  | —   |
| Compensated Absences Payable - Current                 | —   | —  | —   | —  | —   |
| Capital Leases/Installment Purchases Payable - Current | 10  | —  | —   | —  | —   |
| Other Current Liabilities                              | —   | —  | —   | 9  | —   |
| <b>Noncurrent Liabilities:</b>                         |   |  |   |  |   |
| Compensated Absences Payable                           | 192   | 55   | —   | —  | 50  |
| Capital Leases/Installment Purchases Payable           | 21  | —  | —   | —  | —   |
| Advances from Primary Government                       | —   | —  | —   | —  | —   |
| Total Liabilities                                      | \$ 429  | \$ 61  | \$ 1                                      | \$ 36                                      | \$ 50                                       |
| <b>Net Assets</b>                                      |   |  |   |  |   |
| Invested in Capital Assets, Net of Related Debt        | \$ 27,000                                       | \$ 1,455                                     | \$ 1,412                                  | \$ 529                                     | \$ 2  |
| Unrestricted   | (169)   | 192  | 109                                       | 829  | 375   |
| Total Net Assets                                       | \$ 26,831                                       | \$ 1,647                                     | \$ 1,521                                  | \$ 1,358                                   | \$ 377                                      |

| Jekyll Island<br>State Park<br>Authority | Lake Lanier Islands<br>Development<br>Authority | North Georgia<br>Mountains<br>Authority | Oconee River<br>Greenway<br>Authority | Sapelo Island<br>Heritage<br>Authority | Southwest Georgia<br>Railroad Excursion<br>Authority | Stone Mountain<br>Memorial<br>Association | Total      |
|--|---|---|---------------------------------------|--|--|---|------------|
| \$ 3,091                                 | \$ 294  | \$ 8,630                                | \$ 77                                 | \$ 6                                   | \$ 949   | \$ 188                                    | \$ 14,715  |
| 190                                      | 9,749   | 1,156                                   | —                                     | —                                      | —  | 24,484                                    | 35,579     |
| 3,194                                    | —   | 73                                      | —                                     | —                                      | —  | 4   | 3,507      |
| 333                                      | —   | —                                       | —                                     | —                                      | —  | 15  | 512        |
| 29                                       | —   | —                                       | 2                                     | —                                      | —  | 28  | 61         |
| 147                                      | —   | 2,445                                   | 268                                   | 4,162                                  | —  | 8,984                                     | 21,346     |
| 41,025                                   | —   | 25,340                                  | —                                     | —                                      | —  | 75,187                                    | 172,374    |
| 11,282                                   | —   | —                                       | —                                     | —                                      | —  | 23,029                                    | 36,076     |
| 4,223                                    | —   | 2,856                                   | —                                     | —                                      | 588  | 31,760                                    | 42,081     |
| 71                                       | —   | —                                       | —                                     | —                                      | —  | 122                                       | 801        |
| 15,189                                   | —   | —                                       | —                                     | —                                      | —  | —   | 15,189     |
| 2,973                                    | 6,961   | —                                       | —                                     | —                                      | —  | 1,783                                     | 11,717     |
| (21,771)                                 | —   | (21,613)                                | —                                     | —                                      | (473)  | (70,425)                                  | (125,042)  |
| \$ 59,976                                | \$ 17,004                                       | \$ 18,887                               | \$ 347                                | \$ 4,168                               | \$ 1,064   | \$ 95,159                                 | \$ 228,916 |
| \$ 649                                   | \$ 41   | \$ 8,464                                | \$ —                                  | \$ —                                   | \$ 487   | \$ 657                                    | \$ 10,357  |
| 597                                      | 666   | 1,435                                   | —                                     | —                                      | —  | —   | 2,698      |
| 473                                      | —   | —                                       | 1                                     | —                                      | —  | —   | 474        |
| 480                                      | —   | —                                       | —                                     | —                                      | —  | —   | 661        |
| 184                                      | —   | —                                       | —                                     | —                                      | —  | —   | 184        |
| —  | —   | —                                       | —                                     | —                                      | —  | —   | 10         |
| 4  | —   | —                                       | —                                     | —                                      | —  | —   | 13         |
| 381                                      | 7   | —                                       | —                                     | —                                      | —  | —   | 685        |
| —  | —   | —                                       | —                                     | —                                      | —  | —   | 21         |
| 3,442                                    | 1,332   | 9,701                                   | —                                     | —                                      | —  | —   | 14,475     |
| \$ 6,210                                 | \$ 2,046  | \$ 19,600                               | \$ 1                                  | \$ 0                                   | \$ 487   | \$ 657                                    | \$ 29,578  |
| \$ 53,139                                | \$ 6,961  | \$ 9,028                                | \$ 268                                | \$ 4,162                               | \$ 115   | \$ 70,440                                 | \$ 174,511 |
| 627                                      | 7,997   | (9,741)                                 | 78                                    | 6                                      | 462  | 24,062                                    | 24,827     |
| \$ 53,766                                | \$ 14,958                                       | \$ (713)                                | \$ 346                                | \$ 4,168                               | \$ 577   | \$ 94,502                                 | \$ 199,338 |



# State of Georgia

## Combining Statement of Activities

### Nonmajor Component Units

#### Tourism/State Attractions

For the Fiscal Year Ended June 30, 2007

(expressed in thousands)

|                                     | Georgia Agricultural<br>Exposition<br>Authority | Georgia Agrirama<br>Development<br>Authority | Georgia Golf<br>Hall of Fame<br>Authority | Georgia Music<br>Hall of Fame<br>Authority | Georgia Sports<br>Hall of Fame<br>Authority | Jekyll Island<br>State Park<br>Authority |
|-------------------------------------|---|--|---|--|---|--|
| Expenses                            | \$ 8,532  | \$ 1,541                                     | \$ 697                                    | \$ 1,663                                   | \$ 1,013                                    | \$ 14,620                                |
| Program Revenues:                   |   |  |   |  |   |  |
| Sales and Charges for Services      | \$ 6,695  | \$ 377                                       | \$ 103                                    | \$ 301                                     | \$ 104                                      | \$ 14,977                                |
| Operating Grants and Contributions  | —   | —  | 93  | —  | 10  | 73                                       |
| Capital Grants and Contributions    | —   | —  | —   | 142  | —   | 833                                      |
| Total Program Revenues              | \$ 6,695  | \$ 377                                       | \$ 196                                    | \$ 443                                     | \$ 114                                      | \$ 15,883                                |
| Net (Expenses) Revenue              | \$ (1,837)                                      | \$ (1,164)                                   | \$ (501)                                  | \$ (1,220)                                 | \$ (899)                                    | \$ 1,263                                 |
| General Revenues:                   |   |  |   |  |   |  |
| Taxes                               | \$ —  | \$ —   | \$ —                                      | \$ —                                       | \$ —  | \$ 1,351                                 |
| Unrestricted Investment Income      | 25  | —  | 6   | 40   | 8   | 180                                      |
| Payments from the State of Georgia  | 1,642   | 872  | —   | 939  | 742   | —  |
| Other                               | —   | 51   | —   | 59   | 174   | —  |
| Total General Revenues              | \$ 1,667  | \$ 923                                       | \$ 6                                      | \$ 1,038                                   | \$ 924                                      | \$ 1,531                                 |
| Change in Net Assets                | \$ (170)  | \$ (241)                                     | \$ (495)                                  | \$ (182)                                   | \$ 25                                       | \$ 2,794                                 |
| Net Assets, July 1                  | 27,001  | 1,888  | 2,016                                     | 1,540                                      | 352   | 50,972                                   |
| Adjustment to Repayment of Advances | —   | —  | —   | —  | —   | —  |
| Net Assets, June 30                 | \$ 26,831                                       | \$ 1,647                                     | \$ 1,521                                  | \$ 1,358                                   | \$ 377                                      | \$ 53,766                                |

| Lake Lanier Islands<br>Development<br>Authority | North Georgia<br>Mountains<br>Authority | Oconee River<br>Greenway<br>Authority | Sapelo Island<br>Heritage<br>Authority | Southwest Georgia<br>Railroad Excursion<br>Authority | Stone Mountain<br>Memorial<br>Association | Total      |
|---|---|---------------------------------------|--|--|---|------------|
| \$ 636  | \$ 16,535                               | \$ 19                                 | \$ —                                   | \$ 1,079   | \$ 9,692                                  | \$ 56,027  |
| \$ 3,200  | \$ 15,885                               | \$ —                                  | \$ —                                   | \$ 575   | \$ 9,641                                  | \$ 51,858  |
| —   | —                                       | 79                                    | —                                      | —  | —   | 255        |
| —   | —                                       | —                                     | —                                      | —  | —   | 975        |
| \$ 3,200  | \$ 15,885                               | \$ 79                                 | \$ 0                                   | \$ 575   | \$ 9,641                                  | \$ 53,088  |
| \$ 2,564  | \$ (650)                                | \$ 60                                 | \$ 0                                   | \$ (504)   | \$ (51)                                   | \$ (2,939) |
| \$ —  | \$ —                                    | \$ —                                  | \$ —                                   | \$ —   | \$ —                                      | \$ 1,351   |
| 474   | —                                       | 1                                     | —                                      | —  | 1,153                                     | 1,887      |
| —   | —                                       | —                                     | —                                      | 740  | —   | 4,935      |
| 454   | —                                       | 111                                   | —                                      | —  | 5   | 854        |
| \$ 928  | \$ 0                                    | \$ 112                                | \$ 0                                   | \$ 740   | \$ 1,158                                  | \$ 9,027   |
| \$ 3,492  | \$ (650)                                | \$ 172                                | \$ 0                                   | \$ 236   | \$ 1,107                                  | \$ 6,088   |
| 2,238   | (63)                                    | 174                                   | 4,168                                  | 341  | 93,395                                    | 184,022    |
| 9,228   | —                                       | —                                     | —                                      | —  | —   | 9,228      |
| \$ 14,958                                       | \$ (713)                                | \$ 346                                | \$ 4,168                               | \$ 577   | \$ 94,502                                 | \$ 199,338 |

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# STATISTICAL SECTION

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# State of Georgia

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## Statistical Section

This part of the *Comprehensive Annual Financial Report* presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the State's overall financial health.

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#### Financial Trends Information

These schedules contain trend information to help the reader understand how the State's financial performance and well-being have changed over time.

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**Sources:** Unless otherwise noted, the information in these schedules is derived from the *Comprehensive Annual Financial Reports* for the relevant year. The State implemented GASB Statement 34 in fiscal year 2002; schedules presenting government-wide information include information beginning in that year.

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# State of Georgia

## Schedule 1

### Net Assets by Component For the Last Six Fiscal Years (accrual basis of accounting) (amounts expressed in thousands)

|  | Fiscal Year          |                      |                      |                      |                      |                      |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
|  | 2002                 | 2003                 | 2004                 | 2005                 | 2006                 | 2007                 |
| Governmental Activities <sup>(1)(2)</sup>          |                      |                      |                      |                      |                      |                      |
| Invested in Capital Assets,<br>Net of Related Debt | \$ 9,802,538         | \$ 10,494,765        | \$ 10,073,116        | \$ 10,914,903        | \$ 11,274,666        | \$ 10,804,344        |
| Restricted   | 1,399,081            | 1,292,107            | 2,166,594            | 2,248,834            | 2,164,233            | 2,398,250            |
| Unrestricted                                       | 4,238,321            | 2,885,711            | 1,381,037            | 1,332,716            | 994,617              | 2,233,041            |
| Total Governmental Activities Net Assets           | <u>\$ 15,439,940</u> | <u>\$ 14,672,583</u> | <u>\$ 13,620,747</u> | <u>\$ 14,496,453</u> | <u>\$ 14,433,516</u> | <u>\$ 15,435,635</u> |
| Business-Type Activities <sup>(1)(2)</sup>         |                      |                      |                      |                      |                      |                      |
| Invested in Capital Assets,<br>Net of Related Debt | \$ 3,132,336         | \$ 3,517,358         | \$ 3,849,935         | \$ 4,214,124         | \$ 4,387,218         | \$ 4,582,190         |
| Restricted   | 1,858,883            | 1,313,230            | 1,269,663            | 1,599,878            | 1,767,054            | 1,877,790            |
| Unrestricted                                       | 839,774              | 710,036              | 604,687              | 366,419              | 374,831              | 475,506              |
| Total Business-Type Activities Net Assets          | <u>\$ 5,830,993</u>  | <u>\$ 5,540,624</u>  | <u>\$ 5,724,285</u>  | <u>\$ 6,180,421</u>  | <u>\$ 6,529,103</u>  | <u>\$ 6,935,486</u>  |
| Total Primary Government <sup>(2)</sup>            |                      |                      |                      |                      |                      |                      |
| Invested in Capital Assets,<br>Net of Related Debt | \$ 12,934,874        | \$ 14,012,123        | \$ 13,923,051        | \$ 15,129,027        | \$ 15,661,884        | \$ 15,386,534        |
| Restricted   | 3,257,964            | 2,605,337            | 3,436,257            | 3,848,712            | 3,931,287            | 4,276,040            |
| Unrestricted                                       | 5,078,095            | 3,595,747            | 1,985,724            | 1,699,135            | 1,369,448            | 2,708,547            |
| Total Primary Government Net Assets                | <u>\$ 21,270,933</u> | <u>\$ 20,213,207</u> | <u>\$ 19,345,032</u> | <u>\$ 20,676,874</u> | <u>\$ 20,962,619</u> | <u>\$ 22,371,121</u> |

(1) Beginning in fiscal year 2007, the Georgia Technology Authority is reported as an internal service fund serving primarily governmental organizations and, as such, its activity and balances are included in Governmental Activities (previously reported in Business-Type Activities).

(2) Beginning in fiscal year 2007, the funds of the State Road and Tollway Authority, a component unit, are blended with those of the primary government (previously discretely presented). As such, its activity and balances are included in both Governmental Activities and in Business-Type Activities.

Source: Financial Statements included in Current and Prior Years' *Comprehensive Annual Financial Reports*



# State of Georgia

## Schedule 2

### Changes in Net Assets For the Last Six Fiscal Years (accrual basis of accounting) (amounts expressed in thousands)

|   | Fiscal Year     |                 |                 |                 |                 |                 |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
|   | 2002            | 2003            | 2004            | 2005            | 2006            | 2007            |
| <b>Expenses</b>   |                 |                 |                 |                 |                 |                 |
| Governmental Activities                                     |                 |                 |                 |                 |                 |                 |
| General Government <sup>(1)</sup>                           | \$ 1,133,811    | \$ 1,411,121    | \$ 1,900,816    | \$ 1,354,451    | \$ 1,562,693    | \$ 1,830,659    |
| Education   | 7,558,467       | 7,942,981       | 8,007,435       | 8,376,252       | 9,030,145       | 9,948,891       |
| Health and Welfare  | 10,100,531      | 10,299,189      | 11,370,543      | 11,847,414      | 11,238,207      | 11,764,652      |
| Transportation <sup>(2)</sup>                               | 1,458,959       | 1,096,837       | 1,844,281       | 2,316,638       | 1,624,369       | 1,705,285       |
| Public Safety   | 1,693,449       | 1,779,432       | 1,712,346       | 1,781,048       | 1,715,838       | 1,891,555       |
| Economic Development and Assistance                         | 714,287         | 729,878         | 738,425         | 702,879         | 696,800         | 759,979         |
| Culture and Recreation                                      | 216,506         | 199,873         | 237,831         | 225,821         | 263,813         | 286,132         |
| Conservation  | 81,753          | 57,885          | 49,089          | 48,791          | 60,660          | 102,149         |
| Interest and Other Charges on Long-Term Debt <sup>(2)</sup> | 319,094         | 342,748         | 319,034         | 318,860         | 326,741         | 385,449         |
| Total Governmental Activities                               | \$ 23,276,857   | \$ 23,859,944   | \$ 26,179,800   | \$ 26,972,154   | \$ 26,519,266   | \$ 28,674,751   |
| Business-Type Activities                                    |                 |                 |                 |                 |                 |                 |
| Georgia Technology Authority <sup>(1)</sup>                 | \$ 217,334      | \$ 207,165      | \$ 198,937      | \$ 193,918      | \$ 176,153      | \$ —            |
| Higher Education Fund                                       | 4,286,201       | 4,640,361       | 4,762,820       | 5,310,815       | 5,292,112       | 5,592,755       |
| State Employees' Health Benefit Plan                        | 1,503,456       | 1,677,982       | 1,850,125       | 2,092,457       | 2,182,743       | 1,868,431       |
| Unemployment Compensation Fund                              | 861,474         | 995,169         | 877,555         | 584,260         | 582,171         | 626,058         |
| State Road and Tollway Authority <sup>(2)</sup>             | —               | —               | —               | —               | —               | 12,845          |
| Total Business-Type Activities                              | \$ 6,868,465    | \$ 7,520,677    | \$ 7,689,437    | \$ 8,181,450    | \$ 8,233,179    | \$ 8,100,089    |
| Total Primary Government Expenses                           | \$ 30,145,322   | \$ 31,380,621   | \$ 33,869,237   | \$ 35,153,604   | \$ 34,752,445   | \$ 36,774,840   |
| <b>Program Revenues</b>                                     |                 |                 |                 |                 |                 |                 |
| Governmental Activities <sup>(1)(2)</sup>                   |                 |                 |                 |                 |                 |                 |
| Sales and Charges for Services                              |                 |                 |                 |                 |                 |                 |
| General Government  | \$ 751,959      | \$ 447,223      | \$ 214,580      | \$ 267,756      | \$ 787,894      | \$ 1,653,554    |
| Health and Welfare  | 1,333,912       | 780,018         | 1,198,094       | 1,435,224       | 706,876         | 504,520         |
| Public Safety   | 324,425         | 382,390         | 395,988         | 412,572         | 141,432         | 334,033         |
| Other Sales and Charges for Services                        | 579,771         | 225,889         | 448,103         | 437,569         | 284,498         | 258,936         |
| Operating Grants and Contributions                          | 7,597,051       | 8,674,421       | 9,457,170       | 9,213,591       | 9,393,686       | 10,041,218      |
| Capital Grants and Contributions                            | 534,745         | 621,391         | 828,453         | 1,014,144       | 1,032,961       | 1,213,420       |
| Total Governmental Activities                               | \$ 11,121,863   | \$ 11,131,332   | \$ 12,542,388   | \$ 12,780,856   | \$ 12,347,347   | \$ 14,005,681   |
| Business-Type Activities <sup>(1)(2)</sup>                  |                 |                 |                 |                 |                 |                 |
| Sales and Charges for Services                              |                 |                 |                 |                 |                 |                 |
| Georgia Technology Authority                                | \$ 218,944      | \$ 207,891      | \$ 198,869      | \$ 204,246      | \$ 177,137      | \$ —            |
| Higher Education Fund                                       | 1,009,853       | 1,210,452       | 1,349,989       | 1,730,328       | 1,567,385       | 1,694,368       |
| Unemployment Compensation Fund                              | 113,864         | 128,546         | 530,481         | —               | —               | 223             |
| State Road and Tollway Authority                            | —               | —               | —               | —               | —               | 20,854          |
| Operating Grants and Contributions                          | 3,333,379       | 3,224,705       | 3,330,386       | 4,050,853       | 4,374,153       | 4,214,533       |
| Capital Grants and Contributions                            | 65,457          | 29              | 148,407         | 40,029          | 45,965          | 48,490          |
| Total Business-Type Activities                              | \$ 4,741,497    | \$ 4,771,623    | \$ 5,558,132    | \$ 6,025,456    | \$ 6,164,640    | \$ 5,978,468    |
| Total Primary Government Program Revenues                   | \$ 15,863,360   | \$ 15,902,955   | \$ 18,100,520   | \$ 18,806,312   | \$ 18,511,987   | \$ 19,984,149   |
| <b>Net (Expense) Revenue</b>                                |                 |                 |                 |                 |                 |                 |
| Governmental Activities <sup>(1)(2)</sup>                   | \$ (12,154,994) | \$ (12,728,612) | \$ (13,637,412) | \$ (14,191,298) | \$ (14,171,919) | \$ (14,669,070) |
| Business-Type Activities <sup>(1)(2)</sup>                  | (2,126,968)     | (2,749,054)     | (2,131,305)     | (2,155,994)     | (2,068,539)     | (2,121,621)     |
| Total Primary Government                                    | \$ (14,281,962) | \$ (15,477,666) | \$ (15,768,717) | \$ (16,347,292) | \$ (16,240,458) | \$ (16,790,691) |

# State of Georgia

## Schedule 2

### Changes in Net Assets

### For the Last Six Fiscal Years

(accrual basis of accounting)

(amounts expressed in thousands)

|   | Fiscal Year   |                |               |               |               |               |
|---|---------------|----------------|---------------|---------------|---------------|---------------|
|   | 2002          | 2003           | 2004          | 2005          | 2006          | 2007          |
| General Revenues and Other Changes in Net Assets                          |               |                |               |               |               |               |
| Governmental Activities <sup>(1)(2)</sup>                                 |               |                |               |               |               |               |
| General Revenues  |               |                |               |               |               |               |
| Taxes   |               |                |               |               |               |               |
| Personal Income   | \$ 6,597,862  | \$ 6,339,352   | \$ 6,876,663  | \$ 7,133,515  | \$ 8,104,465  | \$ 8,778,933  |
| Sales - General   | 4,368,297     | 4,710,046      | 4,799,239     | 5,309,167     | 5,603,743     | 6,662,730     |
| Other Taxes   | 1,930,212     | 1,910,795      | 2,058,832     | 2,385,602     | 2,451,385     | 2,434,321     |
| Grants and Contributions not restricted to specific programs              | 411           | 337            | 177           | —             | —             | —             |
| Unrestricted Investment Income  | 74,384        | 260,409        | 116,615       | 208,656       | 196,422       | 470,480       |
| Unclaimed Property  | 40,658        | 43,719         | 54,074        | 75,353        | 107,149       | 140,367       |
| Other   | 731,808       | 760,377        | 1,094,273     | 1,011,803     | 958,131       | 54,317        |
| Special Items   | —             | (907)          | —             | —             | —             | —             |
| Transfers   | (2,181,906)   | (2,132,446)    | (2,294,450)   | (2,340,526)   | (2,306,278)   | (2,478,882)   |
| Total Governmental Activities   | \$ 11,561,726 | \$ 11,891,682  | \$ 12,705,423 | \$ 13,783,570 | \$ 15,115,017 | \$ 16,062,266 |
| Business-Type Activities <sup>(1)(2)</sup>                                |               |                |               |               |               |               |
| General Revenues  |               |                |               |               |               |               |
| Unrestricted Investment Income  | \$ 28,396     | \$ 107,562     | \$ 58,647     | \$ 88,207     | \$ 110,942    | \$ 147,034    |
| Other   | —             | —              | —             | —             | —             | 47            |
| Special Items   | (2,900)       | —              | —             | —             | —             | —             |
| Transfers   | 2,181,906     | 2,132,446      | 2,294,450     | 2,340,526     | 2,306,278     | 2,478,882     |
| Total Business-Type Activities  | \$ 2,207,402  | \$ 2,240,008   | \$ 2,353,097  | \$ 2,428,733  | \$ 2,417,220  | \$ 2,625,963  |
| Total Primary Government General Revenues and Other Changes in Net Assets | \$ 13,769,128 | \$ 14,131,690  | \$ 15,058,520 | \$ 16,212,303 | \$ 17,532,237 | \$ 18,688,229 |
| Changes in Net Assets   |               |                |               |               |               |               |
| Governmental Activities <sup>(1)(2)</sup>                                 | \$ (593,268)  | \$ (836,930)   | \$ (931,989)  | \$ (407,728)  | \$ 943,098    | \$ 1,393,196  |
| Business-Type Activities <sup>(1)(2)</sup>                                | 80,434        | (509,046)      | 221,792       | 272,739       | 348,681       | 504,342       |
| Total Primary Government  | \$ (512,834)  | \$ (1,345,976) | \$ (710,197)  | \$ (134,989)  | \$ 1,291,779  | \$ 1,897,538  |

(1) Beginning in fiscal year 2007, the Georgia Technology Authority is reported as an internal service fund serving primarily governmental organizations and, as such, its activity and balances are included in Governmental Activities (previously reported in Business-Type Activities).

(2) Beginning in fiscal year 2007, the funds of the State Road and Tollway Authority, a component unit, are blended with those of the primary government (previously discretely presented). As such, its activity and balances are included in both Governmental Activities and in Business-Type Activities.

Source: Financial Statements included in Current and Prior Years' *Comprehensive Annual Financial Reports* and supporting working papers (certain amounts restated for purposes of comparability)

# State of Georgia

## Schedule 3

### Fund Balances of Governmental Funds

#### For the Last Six Fiscal Years

(accrual basis of accounting)

(amounts expressed in thousands)

|   | Fiscal Year         |                     |                     |                     |                     |                     |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
|   | 2002                | 2003                | 2004                | 2005                | 2006                | 2007                |
| General Fund                                |                     |                     |                     |                     |                     |                     |
| Reserved                                    | \$ 3,004,971        | \$ 2,944,712        | \$ 3,319,425        | \$ 3,430,424        | \$ 3,342,233        | \$ 3,487,699        |
| Unreserved                                  | 1,499,182           | 421,985             | 228,852             | 335,828             | 924,590             | 2,077,088           |
| Total General Fund                          | <u>\$ 4,504,153</u> | <u>\$ 3,366,697</u> | <u>\$ 3,548,277</u> | <u>\$ 3,766,252</u> | <u>\$ 4,266,823</u> | <u>\$ 5,564,787</u> |
| All Other Governmental Funds <sup>(1)</sup> |                     |                     |                     |                     |                     |                     |
| Reserved                                    | \$ 232,531          | \$ 116,698          | \$ 1,639            | \$ 1,027            | \$ 1,028            | \$ 14               |
| Unreserved, Reported in                     |                     |                     |                     |                     |                     |                     |
| Special Revenue Funds                       | —                   | —                   | —                   | —                   | 1,219               | 187,585             |
| Capital Projects Funds                      | 1,799,293           | 1,355,723           | 1,236,105           | 804,079             | 1,207,665           | 1,476,288           |
| Total All Other Governmental Funds          | <u>\$ 2,031,824</u> | <u>\$ 1,472,421</u> | <u>\$ 1,237,744</u> | <u>\$ 805,106</u>   | <u>\$ 1,209,912</u> | <u>\$ 1,663,887</u> |

(1) Beginning in fiscal year 2007, the funds of the State Road and Tollway Authority, a component unit, are blended with those of the primary government (previously discretely presented). As such, the balances of its General Fund are included in the State's Special Revenue Funds.

Source: Financial Statements included in Current and Prior Years' *Comprehensive Annual Financial Reports*  
(certain amounts restated for purposes of comparability)

# State of Georgia

## Schedule 4

### Changes in Fund Balances of Governmental Funds

#### For the Last Six Fiscal Years

#### (modified accrual basis of accounting)

#### (amounts expressed in thousands)

|  | Fiscal Year          |                       |                       |                       |                      |                      |
|--|----------------------|-----------------------|-----------------------|-----------------------|----------------------|----------------------|
|  | 2002                 | 2003                  | 2004                  | 2005                  | 2006                 | 2007                 |
| <b>Revenues</b>  |                      |                       |                       |                       |                      |                      |
| Taxes  |                      |                       |                       |                       |                      |                      |
| Personal Income  | \$ 6,597,862         | \$ 6,339,352          | \$ 6,876,663          | \$ 7,133,515          | \$ 8,104,465         | \$ 8,778,933         |
| Sales - General  | 4,368,297            | 4,710,046             | 4,799,240             | 5,309,167             | 5,603,743            | 6,662,731            |
| Other Taxes  | 1,930,212            | 1,910,795             | 2,058,832             | 2,385,603             | 2,451,385            | 2,434,321            |
| Licenses and Permits   | 448,263              | 425,770               | 452,008               | 496,178               | 539,158              | 649,930              |
| Intergovernmental - Federal  | 8,189,311            | 8,905,213             | 10,226,522            | 10,152,667            | 10,024,646           | 10,648,457           |
| Intergovernmental - Other  | —                    | —                     | —                     | —                     | 117,040              | 401,637              |
| Sales and Services   | 1,678,090            | 1,148,835             | 1,657,989             | 1,732,902             | 994,996              | 687,277              |
| Fines and Forfeits   | 257,484              | 270,341               | 238,662               | 265,708               | 303,788              | 344,139              |
| Interest and Other Investment Income   | 244,858              | 191,237               | 36,427                | 103,155               | 186,974              | 443,226              |
| Rents and Royalties  | 15,675               | 16,352                | 18,979                | 16,200                | 15,937               | 17,115               |
| Contributions and Donations  | 229,163              | 322,727               | 53,239                | 76,531                | 118,399              | 8,450                |
| Penalties and Interest on Taxes  | 6,457                | 7,750                 | 4,827                 | 8,542                 | 10,758               | 7,045                |
| Unclaimed Property   | 40,659               | 43,719                | 54,074                | 75,353                | 107,149              | 140,367              |
| Lottery Proceeds   | 726,202              | 751,557               | 801,381               | 802,083               | 822,797              | 853,641              |
| Nursing Home Provider Fees   | —                    | —                     | 92,768                | 99,271                | —                    | 111,768              |
| Other  | 75,386               | (2,299)               | 31,608                | 111,613               | 241,697              | 225,703              |
| <b>Total Revenues</b>  | <b>\$ 24,807,919</b> | <b>\$ 25,041,395</b>  | <b>\$ 27,403,219</b>  | <b>\$ 28,768,488</b>  | <b>\$ 29,738,539</b> | <b>\$ 32,414,740</b> |
| <b>Expenditures</b>  |                      |                       |                       |                       |                      |                      |
| Current  |                      |                       |                       |                       |                      |                      |
| General Government   | \$ 839,639           | \$ 997,061            | \$ 978,666            | \$ 1,088,655          | \$ 1,158,810         | \$ 1,207,057         |
| Education  | 7,567,495            | 7,948,434             | 8,014,842             | 8,359,398             | 9,031,188            | 9,945,327            |
| Health and Welfare   | 10,090,829           | 10,249,541            | 11,374,111            | 11,861,217            | 11,270,055           | 11,724,373           |
| Transportation   | 1,716,885            | 1,681,771             | 1,701,666             | 1,804,448             | 2,079,873            | 2,628,075            |
| Public Safety  | 1,686,971            | 1,755,103             | 1,692,289             | 1,696,260             | 1,788,074            | 1,841,350            |
| Economic Development and Assistance  | 708,073              | 742,169               | 728,330               | 688,658               | 685,680              | 739,998              |
| Culture and Recreation   | 235,249              | 236,631               | 240,504               | 246,261               | 282,422              | 293,620              |
| Conservation   | 86,891               | 56,668                | 48,624                | 57,677                | 61,041               | 101,773              |
| Capital Outlay   | 761,810              | 825,245               | 837,904               | 485,995               | 478,109              | 474,050              |
| Debt Service   |                      |                       |                       |                       |                      |                      |
| Principal  | 449,258              | 511,006               | 507,110               | 524,583               | 570,042              | 679,216              |
| Interest   | 314,201              | 344,757               | 343,489               | 332,808               | 324,893              | 409,632              |
| Other Charges  | 3,293                | (5,833)               | 3,802                 | 1,037                 | (2,497)              | (10,855)             |
| Intergovernmental  | —                    | —                     | —                     | —                     | 243,347              | 324,056              |
| <b>Total Expenditures</b>  | <b>\$ 24,460,594</b> | <b>\$ 25,342,553</b>  | <b>\$ 26,471,337</b>  | <b>\$ 27,146,997</b>  | <b>\$ 27,971,037</b> | <b>\$ 30,357,672</b> |
| <b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>                           | <b>\$ 347,325</b>    | <b>\$ (301,158)</b>   | <b>\$ 931,882</b>     | <b>\$ 1,621,491</b>   | <b>\$ 1,767,502</b>  | <b>\$ 2,057,068</b>  |
| <b>Other Financing Sources (Uses)</b>  |                      |                       |                       |                       |                      |                      |
| General Obligation Bonds Issuance  | \$ 1,229,428         | \$ 552,514            | \$ 955,395            | \$ 206,875            | \$ 1,236,010         | \$ 1,410,648         |
| Refunding Bonds Issuance   | —                    | —                     | —                     | 458,605               | 425,000              | 213,720              |
| Revenue Bond Issuance  | —                    | —                     | —                     | —                     | —                    | 450,000              |
| Premium on General Obligation Bonds Sold   | —                    | —                     | —                     | 4,815                 | 4,040                | 3,894                |
| Premium on Refunding Bonds Sold  | —                    | —                     | —                     | 61,957                | 46,399               | 18,922               |
| Premium on Revenue Bonds Sold  | —                    | —                     | —                     | —                     | —                    | 19,967               |
| Accrued Interest on Refunding Bonds Sold   | —                    | —                     | —                     | —                     | —                    | 742                  |
| Payment to Refunded Bond Escrow Agent  | —                    | —                     | —                     | (519,316)             | (469,479)            | (235,516)            |
| Proceeds from Disposition of General Capital Assets  | 3,966                | 5,228                 | 2,191                 | —                     | 600                  | —                    |
| Capital Leases   | 2,354                | 1,796                 | 323                   | 1,644                 | 1,085                | 777                  |
| Other Financing Agreements   | 54,670               | —                     | —                     | —                     | —                    | —                    |
| Transfers In   | 1,513,165            | 956,732               | 943,719               | 1,023,279             | 1,022,503            | 1,925,552            |
| Transfers Out  | (3,570,391)          | (2,898,429)           | (2,906,674)           | (3,050,444)           | (3,165,858)          | (4,211,954)          |
| <b>Net Other Financing Sources (Uses)</b>  | <b>\$ (766,808)</b>  | <b>\$ (1,382,159)</b> | <b>\$ (1,005,046)</b> | <b>\$ (1,812,585)</b> | <b>\$ (899,700)</b>  | <b>\$ (403,248)</b>  |
| <b>Other Adjustments to Fund Balance</b>   | <b>\$ —</b>          | <b>\$ (1,077)</b>     | <b>\$ (461)</b>       | <b>\$ (23,569)</b>    | <b>\$ 37,112</b>     | <b>\$ 98,119</b>     |
| <b>Net Change in Fund Balance</b>  | <b>\$ (419,483)</b>  | <b>\$ (1,684,394)</b> | <b>\$ (73,625)</b>    | <b>\$ (214,663)</b>   | <b>\$ 904,914</b>    | <b>\$ 1,751,939</b>  |
| <b>Debt Service Expenditures as a Percentage of Noncapital Expenditures <sup>(1)</sup></b> | <b>3.45%</b>         | <b>3.60%</b>          | <b>3.45%</b>          | <b>3.28%</b>          | <b>3.44%</b>         | <b>3.85%</b>         |

(1) Noncapital expenditures are calculated as total expenditures less capital outlay expenditures less capital expenditures in current expenditure functions. Capital expenditures in current expenditure functions are identified in the process of reconciling Governmental Funds to Governmental Activities.

Source: Financial Statements included in Current and Prior Years' *Comprehensive Annual Financial Reports* and supporting working papers

# State of Georgia

## Schedule 5

### Revenue Base - Personal Income by Industry

#### For the Last Ten Fiscal Years

(amounts expressed in millions)

|   | 1998       | 1999       | 2000       | 2001       |
|---|------------|------------|------------|------------|
| Agriculture/Forestry, Fishing and Other | \$ 919     | \$ 1,007   | \$ 1,136   | \$ 752     |
| Construction                            | 8,648      | 10,067     | 10,925     | 11,487     |
| Farm Earnings                           | 1,730      | 2,083      | 1,693      | 1,943      |
| Federal, Civilian                       | 5,693      | 5,888      | 6,452      | 6,556      |
| Finance, Insurance and Real Estate      | 12,335     | 12,975     | 14,201     | 15,758     |
| Manufacturing                           | 25,072     | 26,211     | 27,356     | 24,732     |
| Military                                | 3,524      | 3,562      | 3,791      | 4,200      |
| Mining                                  | 431        | 475        | 478        | 510        |
| Retail Trade                            | 13,845     | 15,243     | 16,298     | 13,286     |
| Services                                | 40,067     | 44,891     | 50,339     | 69,873     |
| State and Local Government              | 16,429     | 17,119     | 18,180     | 19,160     |
| Transportation and Public Utilities     | 14,723     | 16,656     | 18,765     | 11,724     |
| Wholesale Trade                         | 13,509     | 14,966     | 16,044     | 13,839     |
| Other                                   | 39,669     | 38,703     | 43,319     | 46,578     |
| Total Personal Income                   | \$ 196,594 | \$ 209,846 | \$ 228,977 | \$ 240,398 |
| Average Effective Rate <sup>(1)</sup>   | 2.739%     | 2.796%     | 2.814%     | 2.855%     |

(1) The total direct rate for personal income is not available. The average effective rate was calculated by dividing personal income tax collections (see Schedule 4) by total personal income.

Source: U. S. Department of Commerce, Bureau of Economic Analysis

**Fiscal Year**

| 2002              | 2003              | 2004              | 2005              | 2006              | 2007              |
|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| \$ 669            | \$ 665            | \$ 688            | \$ 711            | \$ 767            | \$ 815            |
| 11,532            | 11,526            | 12,749            | 13,792            | 15,436            | 15,696            |
| 990               | 2,079             | 1,960             | 1,884             | 1,214             | 1,844             |
| 7,156             | 7,504             | 7,966             | 8,349             | 8,812             | 9,293             |
| 16,422            | 17,199            | 18,150            | 19,464            | 21,173            | 22,524            |
| 24,618            | 24,159            | 25,496            | 26,402            | 28,497            | 28,749            |
| 4,747             | 5,517             | 5,885             | 6,574             | 6,576             | 7,544             |
| 501               | 506               | 555               | 572               | 655               | 732               |
| 13,595            | 13,589            | 14,088            | 14,940            | 15,850            | 16,272            |
| 70,626            | 71,619            | 76,373            | 82,017            | 89,915            | 93,691            |
| 20,561            | 21,877            | 22,966            | 24,006            | 25,542            | 26,939            |
| 12,086            | 11,939            | 12,765            | 12,433            | 13,026            | 13,759            |
| 13,778            | 13,680            | 14,624            | 15,675            | 17,216            | 17,880            |
| 48,184            | 48,391            | 48,485            | 53,286            | 56,352            | 63,183            |
| <u>\$ 245,465</u> | <u>\$ 250,250</u> | <u>\$ 262,750</u> | <u>\$ 280,105</u> | <u>\$ 301,031</u> | <u>\$ 318,921</u> |
| 2.688%            | 2.533%            | 2.617%            | 2.547%            | 2.692%            | 2.753%            |

# State of Georgia

## Schedule 6

### Personal Income Tax Rates by Filing Status and Income Level For the Last Ten Fiscal Years

1998 - 2007

#### Filing Status

##### Georgia Taxable Net Income Level

#### Single

|                                   |   |
|-----------------------------------|---|
| Not Over \$750                    | 1%                                      |
| Over \$750 But Not Over \$2,250   | \$7.50 Plus 2% of Amount Over \$750     |
| Over \$2,250 But Not Over \$3,750 | \$37.50 Plus 3% of Amount Over \$2,250  |
| Over \$3,750 But Not Over \$5,250 | \$82.50 Plus 4% of Amount Over \$3,750  |
| Over \$5,250 But Not Over \$7,000 | \$142.50 Plus 5% of Amount Over \$5,250 |
| Over \$7,000                      | \$230.00 Plus 6% of Amount Over \$7,000 |

#### Married Filing Separately

|                                   |   |
|-----------------------------------|---|
| Not Over \$500                    | 1%                                      |
| Over \$500 But Not Over \$1,500   | \$5.00 Plus 2% of Amount Over \$500     |
| Over \$1,500 But Not Over \$2,500 | \$25.00 Plus 3% of Amount Over \$1,500  |
| Over \$2,500 But Not Over \$3,500 | \$55.00 Plus 4% of Amount Over \$2,500  |
| Over \$3,500 But Not Over \$5,000 | \$95.00 Plus 5% of Amount Over \$3,500  |
| Over \$5,000                      | \$170.00 Plus 6% of Amount Over \$5,000 |

#### Head of Household and Married Filing Jointly

|                                    |  |
|------------------------------------|--|
| Not Over \$1000                    | 1%                                       |
| Over \$1000 But Not Over \$3,000   | \$10.00 Plus 2% of Amount Over \$1,000   |
| Over \$3,000 But Not Over \$5,000  | \$50.00 Plus 3% of Amount Over \$3,000   |
| Over \$5,000 But Not Over \$7,000  | \$110.00 Plus 4% of Amount Over \$5,000  |
| Over \$7,000 But Not Over \$10,000 | \$190.00 Plus 5% of Amount Over \$7,000  |
| Over \$10,000                      | \$340.00 Plus 6% of Amount Over \$10,000 |

Source: OCGA Section 48-7-20, Paragraph (b)(1)

# State of Georgia

## Schedule 7

### Personal Income Tax Filers and Liability by Income Level

#### Tax (Calendar) Year 2005<sup>(1)</sup> and Nine Previous (1996)

(dollars, except income level, are in thousands)

|                                  | 1996                |                        |                                     |                        | 2005                |                        |                                     |                        |
|----------------------------------|---------------------|------------------------|-------------------------------------|------------------------|---------------------|------------------------|-------------------------------------|------------------------|
|                                  | Number<br>of Filers | Percentage<br>of Total | Personal<br>Income Tax<br>Liability | Percentage<br>of Total | Number<br>of Filers | Percentage<br>of Total | Personal<br>Income Tax<br>Liability | Percentage<br>of Total |
| <b>Income Level</b>              |                     |                        |                                     |                        |                     |                        |                                     |                        |
| \$1,000 and under <sup>(2)</sup> | 208,493             | 6.58%                  | \$ 140,907                          | 3.23%                  | 510,000             | 13.29%                 | \$ 458,963                          | 6.46%                  |
| \$1,001 to \$5,000               | 314,881             | 9.94%                  | 665                                 | 0.02%                  | 263,000             | 6.85%                  | 10                                  | 0.00%                  |
| \$5,001 to \$10,000              | 358,071             | 11.31%                 | 16,935                              | 0.39%                  | 343,000             | 8.94%                  | 8,374                               | 0.12%                  |
| \$10,001 to \$15,000             | 335,376             | 10.59%                 | 62,976                              | 1.45%                  | 329,000             | 8.57%                  | 39,438                              | 0.56%                  |
| \$15,001 to \$20,000             | 307,101             | 9.70%                  | 120,985                             | 2.78%                  | 296,000             | 7.71%                  | 88,772                              | 1.25%                  |
| \$20,001 to \$25,000             | 256,905             | 8.11%                  | 161,533                             | 3.71%                  | 268,000             | 6.98%                  | 136,413                             | 1.92%                  |
| \$25,001 to \$30,000             | 201,225             | 6.36%                  | 177,257                             | 4.07%                  | 234,000             | 6.10%                  | 169,462                             | 2.39%                  |
| \$30,001 to \$50,000             | 535,993             | 16.93%                 | 744,344                             | 17.08%                 | 618,000             | 16.10%                 | 762,204                             | 10.73%                 |
| \$50,001 to \$100,000            | 489,159             | 15.45%                 | 1,312,908                           | 30.13%                 | 647,000             | 16.86%                 | 1,710,975                           | 24.10%                 |
| \$100,001 to \$500,000           | 150,348             | 4.75%                  | 1,101,498                           | 25.28%                 | 312,000             | 8.13%                  | 2,289,828                           | 32.25%                 |
| \$500,001 to \$1,000,000         | 5,908               | 0.19%                  | 197,653                             | 4.54%                  | 11,000              | 0.29%                  | 374,754                             | 5.28%                  |
| \$1,000,001 and higher           | 2,817               | 0.09%                  | 320,198                             | 7.35%                  | 7,000               | 0.18%                  | 1,061,631                           | 14.95%                 |
| <b>Totals</b>                    | <b>3,166,277</b>    | <b>100.00%</b>         | <b>\$ 4,357,859</b>                 | <b>100.00%</b>         | <b>3,838,000</b>    | <b>100.00%</b>         | <b>\$ 7,100,824</b>                 | <b>100.00%</b>         |

(1) Most recent available data.

(2) Category also includes payments from out-of-state residents and partial-year payers

Source: Georgia Department of Revenue Annual Statistical Report



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# State of Georgia

## Schedule 8

### Ratios of Outstanding Debt by Type

#### For the Last Six Fiscal Years

(amounts expressed in thousands, except per capita amounts)

| General Bonded Debt |  |               |              |  |  |                |  |                           |
|---------------------|--|---------------|--------------|--|--|----------------|--|---------------------------|
| Fiscal<br>Year      | Governmental Activities <sup>(1)</sup> |               |              | Business-Type<br>Activities <sup>(1)</sup> | Less:<br>Net Assets<br>Restricted to<br>Guaranteed | Net<br>General | Percentage of<br>Personal<br>Income <sup>(2)</sup> | Outstanding<br>Debt       |
|                     | General<br>Obligation                  | General State | Revenue      | Revenue                                    |  |                |  |                           |
|                     | Bonds                                  | Bond Debt     | Bonds        | Bonds                                      | Revenue Debt                                       | Bonded Debt    |  | Per Capita <sup>(2)</sup> |
|                     |  |               |              |  |  |                |  |                           |
| 2007                | \$ 7,688,919                           | \$ 0          | \$ 1,037,993 | \$ 38,540                                  | \$ (608,250)                                       | \$ 8,157,202   | 2.56%  | \$ 854.63                 |
| 2006                | 6,909,343                              | 0             | —            | —  | —  | 6,909,343      | 2.30%  | 739.59                    |
| 2005                | 6,238,934                              | 0             | —            | —  | —  | 6,238,934      | 2.23%  | 685.02                    |
| 2004                | 6,513,380                              | 16            | —            | —  | —  | 6,513,396      | 2.48%  | 730.09                    |
| 2003                | 6,083,975                              | 16            | —            | —  | —  | 6,083,991      | 2.43%  | 696.11                    |
| 2002                | 6,058,295                              | 16            | —            | —  | —  | 6,058,311      | 2.47%  | 705.18                    |

| Other Debt     |                         |           |                          |           |              |                       |                           |  |
|----------------|-------------------------|-----------|--------------------------|-----------|--------------|-----------------------|---------------------------|--|
| Fiscal<br>Year | Governmental Activities |           | Business-Type Activities |           | Total        | Percentage of         | Outstanding               |  |
|                | Capital                 | Notes and | Capital                  | Notes and | Primary      | Personal              | Debt                      |  |
|                | Leases                  | Loans     | Leases                   | Loans     | Government   | Income <sup>(2)</sup> | Per Capita <sup>(2)</sup> |  |
|                |                         |           |                          |           |              |                       |                           |  |
| 2007           | \$ 8,162                | \$ 568    | \$ 1,201,524             | \$ 9,477  | \$ 9,376,933 | 2.94%                 | \$ 982.42                 |  |
| 2006           | 4,748                   | 796       | 839,926                  | 2,618     | 7,757,431    | 2.58%                 | 830.38                    |  |
| 2005           | 5,122                   | 3,583     | 678,055                  | 4,244     | 6,929,938    | 2.47%                 | 760.89                    |  |
| 2004           | 4,892                   | 2,506     | 479,272                  | 2,512     | 7,002,578    | 2.67%                 | 784.92                    |  |
| 2003           | 5,424                   | 2,570     | 186,428                  | 2,845     | 6,281,258    | 2.51%                 | 718.68                    |  |
| 2002           | 5,911                   | 2,632     | 93,263                   | 2,345     | 6,162,462    | 2.51%                 | 717.30                    |  |

(1) Beginning in fiscal year 2007, the funds of the State Road and Tollway Authority, a component unit, are blended with those of the primary government (previously discretely presented). As such, its activity and balances are included in both Governmental Activities and in Business-Type Activities.

(2) See Schedule 10 (Population/Demographics) for personal income and population data.

Source: Financial Information included in Current and Prior Years' *Comprehensive Annual Financial Reports*

# State of Georgia

## Schedule 9

### Computation of Legal Debt Margin For the Last Ten Fiscal Years

|  | 1998              | 1999              | 2000              | 2001              |
|--|-------------------|-------------------|-------------------|-------------------|
| <b>Revenue Base:</b>   |                   |                   |                   |                   |
| Treasury Receipts for the Preceding Fiscal Year <sup>(1)</sup>   | \$ 11,905,829,999 | \$ 12,478,602,944 | \$ 13,539,916,503 | \$ 14,959,980,702 |
| <b>Debt Limit Amount:</b>  |                   |                   |                   |                   |
| Highest Aggregate Annual Commitments (Principal and Interest) Permitted Under Constitutional Limitation (10% of above) | \$ 1,190,583,000  | \$ 1,247,860,294  | \$ 1,353,991,650  | \$ 1,495,998,070  |
| <b>Debt Applicable to the Limit:</b>   |                   |                   |                   |                   |
| Highest Total Annual Commitments in Current or any Subsequent Fiscal Year  | 580,531,875       | 634,072,712       | 656,448,838       | 660,903,018       |
| <b>Legal Debt Margin</b>   | \$ 610,051,125    | \$ 613,787,582    | \$ 697,542,812    | \$ 835,095,052    |
| <br>Total Debt Applicable to the Limit as a Percentage of Debt Limit Amount  | <br>48.76%        | <br>50.81%        | <br>48.48%        | <br>44.18%        |

(1) Includes Indigent Care Trust Fund Receipts, Brain and Spinal Injury Trust Fund Receipts, Lottery Proceeds and Tobacco Settlement Funds

(2) Interest on Guaranteed Revenue Debt Common Reserve Funds included from this point forward.

Source: Prior year CAFRs, other annual state reports, Georgia State Financing and Investment Commission, Constitution of the State of Georgia

Note: The Constitution of the State of Georgia limits the combined total of highest annual debt service requirements for general obligation and guaranteed revenue debt to 10 percent of the prior year's revenue collections.

| Fiscal Year              |                          |                          |                          |                          |                          |
|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| 2002                     | 2003                     | 2004                     | 2005 <sup>(2)</sup>      | 2006                     | 2007                     |
| \$ <u>15,768,578,047</u> | \$ <u>15,126,479,334</u> | \$ <u>14,737,541,220</u> | \$ <u>15,530,262,707</u> | \$ <u>16,789,925,631</u> | \$ <u>18,343,186,033</u> |
| \$ 1,576,857,805         | \$ 1,512,647,933         | \$ 1,473,754,122         | \$ 1,553,026,271         | \$ 1,678,992,563         | \$ 1,834,318,603         |
| <u>881,667,486</u>       | <u>819,243,571</u>       | <u>959,876,954</u>       | <u>932,636,053</u>       | <u>935,230,555</u>       | <u>1,038,052,566</u>     |
| \$ <u>695,190,319</u>    | \$ <u>693,404,362</u>    | \$ <u>513,877,168</u>    | \$ <u>620,390,218</u>    | \$ <u>743,762,008</u>    | \$ <u>796,266,037</u>    |
| 55.91%                   | 54.16%                   | 65.13%                   | 60.05%                   | 55.70%                   | 56.59%                   |

# State of Georgia

## Schedule 10

### Population/Demographics For the Last Ten Fiscal Years

| Year | Population | Personal Income<br>(in millions) | Per Capita<br>Personal Income | Public School<br>Enrollment | Unemployment<br>Rate |
|------|------------|----------------------------------|-------------------------------|-----------------------------|----------------------|
| 2007 | 9,544,750  | \$ 318,921                       | \$ 33,413                     | 1,618,866                   | 4.50%                |
| 2006 | 9,342,080  | 301,031                          | 32,223                        | 1,588,803                   | 4.60%                |
| 2005 | 9,107,719  | 280,105                          | 30,755                        | 1,544,044                   | 5.20%                |
| 2004 | 8,921,371  | 262,750                          | 29,452                        | 1,513,521                   | 4.70%                |
| 2003 | 8,740,008  | 250,250                          | 28,633                        | 1,486,694                   | 4.80%                |
| 2002 | 8,591,169  | 245,465                          | 28,572                        | 1,459,827                   | 4.80%                |
| 2001 | 8,422,127  | 240,398                          | 28,544                        | 1,435,174                   | 4.00%                |
| 2000 | 8,230,919  | 228,977                          | 27,819                        | 1,412,840                   | 3.50%                |
| 1999 | 7,788,240  | 209,846                          | 26,944                        | 1,390,341                   | 3.80%                |
| 1998 | 7,636,522  | 196,594                          | 25,744                        | 1,365,549                   | 4.20%                |

Sources: Population - U. S. Department of Commerce, Bureau of the Census (midyear population estimates)  
Personal Income - U. S. Department of Commerce, Bureau of Economic Analysis (second quarter annualized)  
Public School Enrollment - Georgia Department of Education  
Unemployment Rate - Georgia Department of Labor

# State of Georgia

## Schedule 11

### Ten Largest Employers

### Fiscal Year 2007 and Nine Years Previous (1998)

|  | 1998                   |      |                                      | 2007                   |      |                                      |
|--|------------------------|------|--------------------------------------|------------------------|------|--------------------------------------|
|  | Number of<br>Employees | Rank | Percentage<br>of Total<br>Employment | Number of<br>Employees | Rank | Percentage<br>of Total<br>Employment |
| Wal-Mart Stores, Incorporated              | 29,920                 | 1    | 0.77                                 | 55,307                 | 1    | 1.20                                 |
| Delta Air Lines, Incorporated              | 27,552                 | 2    | 0.71                                 | 21,000                 | 2    | 0.45                                 |
| Publix Supermarkets, Incorporated          | 15,377                 | 6    | 0.40                                 | 20,500                 | 3    | 0.44                                 |
| The Kroger Company                         |                        |      |                                      | 20,000                 | 4    | 0.43                                 |
| Shaw Industries, Incorporated              | 17,350                 | 5    | 0.45                                 | 19,000                 | 5    | 0.41                                 |
| BellSouth Corporation                      | 21,651                 | 3    | 0.56                                 | 18,000                 | 6    | 0.39                                 |
| Mohawk Industries                          | 11,750                 | 9    | 0.30                                 | 17,186                 | 7    | 0.37                                 |
| The Home Depot Incorporated                |                        |      |                                      | 13,184                 | 8    | 0.28                                 |
| United Parcel Services, Incorporated       |                        |      |                                      | 13,000                 | 9    | 0.28                                 |
| The Southern Company/Georgia Power Company | 13,603                 | 7    | 0.35                                 | 12,661                 | 10   | 0.27                                 |
| Promina Health System                      | 18,000                 | 4    | 0.47                                 |                        |      |                                      |
| Columbia Healthcare Corporation            | 12,000                 | 8    | 0.31                                 |                        |      |                                      |
| Emory System of Health Care                | 10,800                 | 10   | 0.28                                 |                        |      |                                      |
|  | <u>178,003</u>         |      | <u>4.61%</u>                         | <u>209,838</u>         |      | <u>4.53%</u>                         |
| Total Employment                           | <u>3,861,646</u>       |      |                                      | <u>4,627,995</u>       |      |                                      |

Sources: Employers - Georgia Department of Economic Development  
Total Employment - Georgia Department of Labor

# State of Georgia

## Schedule 12

### State Government Employment by Function For the Last Ten Fiscal Years

|   | 1998           | 1999           | 2000           | 2001           |
|---|----------------|----------------|----------------|----------------|
| Governmental Activities                         |                |                |                |                |
| General Government                              | 8,426          | 8,087          | 8,874          | 8,422          |
| Education                                       | 963            | 916            | 1,034          | 949            |
| Health and Welfare                              | 13,921         | 13,213         | 14,557         | 13,869         |
| Transportation                                  | 6,322          | 6,407          | 6,905          | 7,073          |
| Public Safety                                   | 21,614         | 22,431         | 25,706         | 25,135         |
| Economic Development and Assistance             | 2,442          | 2,472          | 2,749          | 2,608          |
| Culture and Recreation                          | 2,600          | 2,660          | 3,071          | 2,453          |
| Conservation                                    | 802            | 798            | 872            | 831            |
|   | <u>57,090</u>  | <u>56,984</u>  | <u>63,768</u>  | <u>61,340</u>  |
| Business-Type Activities <sup>(1)</sup>         |                |                |                |                |
| Georgia Technology Authority <sup>(2) (3)</sup> | 15             | 21             | 16             | 125            |
| Higher Education Fund                           | 57,330         | 61,888         | 58,799         | 60,694         |
| State Road and Tollway Authority <sup>(4)</sup> | —              | —              | —              | —              |
|   | <u>57,345</u>  | <u>61,909</u>  | <u>58,815</u>  | <u>60,819</u>  |
| Total State Government Employees                | <u>114,435</u> | <u>118,893</u> | <u>122,583</u> | <u>122,159</u> |

(1) Employees of certain Business-Types Activities organizations are included in Governmental Activities as follows:

Employees of the State Employees' Health Benefit Plan are included as employees of the Department of Community Health in Health and Welfare.

Employees of the Unemployment Compensation Fund are included as employees of the Department of Labor in Economic Development and Assistance.

(2) Until fiscal year 2001, a portion of the activities of the Georgia Technology Authority were performed by the Department of Administrative Services which is included in General Government.

(3) Beginning in fiscal year 2007, the Georgia Technology Authority is reported as an internal service fund serving primarily governmental organizations and, as such, its employees are included in Governmental Activities - General Government.

(4) Beginning in fiscal year 2007, the State Road and Tollway Authority, formerly a discretely presented component unit, is blended with the primary government. Although the Authority performs both governmental and business-type activities, the majority of its employees are involved in the Business-Type Activities.

Source: Georgia Department of Audits and Accounts

**Fiscal Year**

| 2002    | 2003    | 2004    | 2005    | 2006    | 2007    |
|---------|---------|---------|---------|---------|---------|
| 6,326   | 6,857   | 6,927   | 7,352   | 6,779   | 9,240   |
| 942     | 925     | 1,011   | 1,156   | 1,129   | 1,160   |
| 10,601  | 12,048  | 19,918  | 22,081  | 22,170  | 22,732  |
| 6,083   | 5,916   | 5,844   | 5,850   | 5,769   | 5,849   |
| 22,751  | 23,586  | 23,077  | 22,949  | 23,266  | 23,115  |
| 4,112   | 4,729   | 4,675   | 4,614   | 4,589   | 4,584   |
| 2,119   | 2,956   | 2,864   | 2,927   | 2,945   | 3,023   |
| 746     | 765     | 1,065   | 726     | 742     | 776     |
| 53,680  | 57,782  | 65,381  | 67,655  | 67,389  | 70,479  |
| 762     | 732     | 650     | 630     | 562     | —       |
| 71,644  | 80,222  | 79,160  | 81,893  | 82,200  | 84,795  |
| —       | —       | —       | —       | —       | 51      |
| 72,406  | 80,954  | 79,810  | 82,523  | 82,762  | 84,846  |
| 126,086 | 138,736 | 145,191 | 150,178 | 150,151 | 155,325 |



# State of Georgia

## Schedule 13

### Operating Indicators by Function For the Last Ten Fiscal Years

|  | 1998           | 1999           | 2000           | 2001           |
|--|----------------|----------------|----------------|----------------|
| General Government                                   |                |                |                |                |
| Department of Revenue                                |                |                |                |                |
| Number of Personal Income Tax Returns Processed      | 3,337,074      | 3,525,631      | 3,629,290      | 3,650,428      |
| Education  |                |                |                |                |
| Department of Education                              |                |                |                |                |
| Public School Enrollment (March FTE Count)           |                |                |                |                |
| Pre Kindergarten through Grade 5                     | 702,967        | 715,540        | 724,115        | 728,824        |
| Grades 6 through 8                                   | 313,610        | 319,681        | 326,668        | 336,804        |
| Grades 9 through 12                                  | 348,972        | 355,120        | 362,057        | 369,546        |
| Board of Regents of the University System of Georgia |                |                |                |                |
| Number of Separate Institutions                      | 34             | 34             | 34             | 34             |
| Number of Active Educators                           | 9,426          | 7,729          | 7,858          | 7,765          |
| Number of Students                                   | 205,389        | 200,102        | 203,806        | 205,878        |
| Health and Welfare                                   |                |                |                |                |
| Department of Human Resources                        |                |                |                |                |
| Food Stamp Recipients                                | 638,936        | 587,476        | 516,609        | 515,538        |
| Temporary Assistance for Needy Families Recipients   | 220,430        | 153,060        | 133,023        | 123,671        |
| Child Support  |                |                |                |                |
| Collections  | \$ 333,223,596 | \$ 368,468,569 | \$ 402,854,914 | \$ 430,333,275 |
| Children Served                                      | 353,285        | 651,575        | 676,868        | 679,814        |
| Transportation                                       |                |                |                |                |
| Department of Transportation                         |                |                |                |                |
| Miles of State Highway                               | 17,954         | 17,983         | 17,990         | 18,106         |
| Public Safety  |                |                |                |                |
| Department of Corrections                            |                |                |                |                |
| Number of Inmates                                    | **             | 41,630         | 43,732         | 45,463         |
| Number of Probationers                               | **             | 139,527        | 134,855        | 122,739        |
| Economic Development and Assistance                  |                |                |                |                |
| Department of Economic Development                   |                |                |                |                |
| Economic Impact of Tourism (in millions of \$):      |                |                |                |                |
| Domestic Traveler Spending                           | **             | **             | **             | **             |
| Domestic Travel Generated                            |                |                |                |                |
| State Tax Revenues                                   | **             | **             | **             | **             |
| Culture and Recreation:                              |                |                |                |                |
| Department of Natural Resources                      |                |                |                |                |
| Number of State Parks                                | 48             | 48             | 49             | 51             |
| Number of Historic Sites                             | 15             | 15             | 17             | 17             |
| Area of State Parks and Historic Sites               | 71,150 acres   | 73,143 acres   | 75,712 acres   | 78,942 acres   |
| Conservation   |                |                |                |                |
| Forestry Commission                                  |                |                |                |                |
| Economic Impact of Forestry Industry                 |                |                |                |                |
| Output (in millions of \$)                           | **             | **             | **             | \$ 19,522      |
| Employment   | **             | **             | **             | 77,266         |
| Compensation (in millions of \$)                     | **             | **             | **             | \$ 3,626       |

Source: NCA - Not Currently Available

\*\* - Historical Information Not Available

Information obtained from the individual organizations listed.

| Fiscal Year    |                |                |                |                |               |
|----------------|----------------|----------------|----------------|----------------|---------------|
| 2002           | 2003           | 2004           | 2005           | 2006           | 2007          |
| 3,658,705      | 3,689,675      | 3,777,000      | 3,816,000      | 3,861,000      | NCA           |
| 730,948        | 735,821        | 745,115        | 757,383        | 782,428        | 801,307       |
| 349,056        | 358,592        | 364,051        | 367,122        | 369,809        | 371,020       |
| 379,823        | 392,281        | 404,355        | 419,539        | 436,566        | 446,539       |
| 34             | 34             | 34             | 35             | 35             | 35            |
| 7,947          | 8,870          | 8,981          | 9,335          | 9,721          | 10,093        |
| 217,546        | 233,098        | 247,020        | 250,659        | 253,552        | 259,945       |
| 576,522        | 700,876        | 847,886        | 908,073        | 947,683        | NCA           |
| 130,409        | 138,624        | 135,515        | 99,370         | 68,993         | NCA           |
| \$ 463,537,442 | \$ 523,744,227 | \$ 554,198,341 | \$ 595,920,825 | \$ 628,230,828 | NCA           |
| 625,944        | 624,068        | 516,045        | 515,062        | 520,289        | NCA           |
| 18,055         | 18,019         | 18,084         | 18,084         | 18,084         | 18,066        |
| 46,937         | 47,111         | 48,619         | 47,304         | 52,635         | 53,226        |
| 121,500        | 130,505        | 128,395        | 115,177        | 136,175        | 142,663       |
| \$ 23,879      | \$ 24,729      | \$ 26,127      | \$ 27,989      | \$ 29,860      | NCA           |
| \$ 683         | \$ 709         | \$ 740         | \$ 779         | \$ 812         | NCA           |
| 58             | 48             | 48             | 48             | 48             | 48            |
| 15             | 15             | 15             | 15             | 15             | 15            |
| 68,271 acres   | 72,835 acres   | 72,835 acres   | 72,835 acres   | 72,835 acres   | 82,000+ acres |
| \$ 16,085      | \$ 12,679      | \$ 14,163      | \$ 16,150      | \$ 17,760      | NCA           |
| 70,715         | 65,706         | 67,633         | 67,694         | 67,733         | NCA           |
| \$ 3,241       | \$ 3,007       | \$ 3,299       | \$ 3,422       | \$ 3,513       | NCA           |

# State of Georgia

## Schedule 14

### Value of Capital Assets <sup>(1)</sup> by Function For the Last Ten Fiscal Years (amounts expressed in thousands)

|   | 1998                | 1999                | 2000                | 2001                |
|---|---------------------|---------------------|---------------------|---------------------|
| <b>Governmental Activities</b>                  |                     |                     |                     |                     |
| General Government                              | \$ 313,759          | \$ 290,996          | \$ 301,060          | \$ 306,905          |
| Education                                       | 47,040              | 48,768              | 49,204              | 43,380              |
| Health and Welfare                              | 314,536             | 333,889             | 345,825             | 374,986             |
| Transportation                                  | 189,025             | 205,731             | 217,426             | 237,188             |
| Public Safety                                   | 927,638             | 972,331             | 1,004,581           | 1,057,767           |
| Economic Development and Assistance             | 113,874             | 122,939             | 131,189             | 127,799             |
| Culture and Recreation                          | 246,139             | 274,815             | 314,780             | 360,981             |
| Conservation                                    | 71,242              | 74,006              | 79,849              | 85,066              |
| Internal Service Funds <sup>(2)</sup>           | 422,278             | 429,369             | 388,933             | 348,692             |
| <b>Total Governmental Activities</b>            | <b>\$ 2,645,531</b> | <b>\$ 2,752,844</b> | <b>\$ 2,832,847</b> | <b>\$ 2,942,764</b> |
| <b>Business-Type Activities</b>                 |                     |                     |                     |                     |
| Georgia Technology Authority <sup>(3) (4)</sup> | \$ 2,951            | \$ 2,938            | \$ 3,462            | \$ 15,542           |
| Higher Education Fund                           | 5,059,861           | 5,543,395           | 5,899,539           | 6,152,637           |
| State Employees' Health Benefit Plan            | 314                 | 360                 | 60                  | 158                 |
| State Road and Tollway Authority <sup>(5)</sup> | —                   | —                   | —                   | —                   |
| Internal Service Funds <sup>(2)</sup>           | 1,104               | 1,112               | 1,112               | 1,111               |
| <b>Total Business-Type Activities</b>           | <b>\$ 5,064,230</b> | <b>\$ 5,547,805</b> | <b>\$ 5,904,173</b> | <b>\$ 6,169,448</b> |
| <b>Total Value of Capital Assets</b>            | <b>\$ 7,709,761</b> | <b>\$ 8,300,649</b> | <b>\$ 8,737,020</b> | <b>\$ 9,112,212</b> |

- (1) The State of Georgia implemented GASB Statement 34 in fiscal year 2002. GASB Statement 34 significantly changed the manner in which governments report capital asset balances and activity. Fixed asset balances for fiscal years prior to 2002 have been presented in GASB Statement 34 format.
- (2) The values of capital assets owned by internal service fund organizations are proportionately included in governmental activities and business-type activities in government-wide financial reporting.
- (3) Until fiscal year 2001, a portion of the capital assets of the Georgia Technology Authority were owned by the Department of Administrative Services which is included in General Government.
- (4) Beginning in fiscal year 2007, the Georgia Technology Authority is reported as an Internal Service Fund serving governmental organizations (see also note 2).
- (5) Beginning in fiscal year 2007, the funds of the State Road and Tollway Authority, a component unit, are blended with those of the primary government (previously discretely presented). As such, its activity and balances are included in both Governmental Activities and in Business-Type Activities.

Source: Financial Statements included in Current and Prior Years' *Comprehensive Annual Financial Reports* and supporting documentation.

| Fiscal Year   |               |               |               |               |               |  |
|---------------|---------------|---------------|---------------|---------------|---------------|--|
| 2002          | 2003          | 2004          | 2005          | 2006          | 2007          |  |
| \$ 1,860,067  | \$ 1,744,348  | \$ 1,374,287  | \$ 1,255,785  | \$ 1,485,191  | \$ 1,442,065  |  |
| 17,167        | 87,995        | 85,219        | 35,463        | 36,129        | 35,466        |  |
| 244,653       | 255,346       | 270,634       | 272,154       | 297,143       | 300,214       |  |
| 16,556,539    | 16,384,990    | 17,170,029    | 18,966,039    | 20,144,683    | 21,974,688    |  |
| 1,324,922     | 1,433,383     | 1,525,619     | 1,555,999     | 1,646,901     | 1,669,759     |  |
| 415,279       | 701,279       | 710,532       | 704,322       | 763,702       | 867,847       |  |
| 344,971       | 472,213       | 462,061       | 533,208       | 583,584       | 614,000       |  |
| 65,145        | 68,490        | 67,415        | 72,957        | 77,043        | 79,565        |  |
| 359,678       | 363,590       | 360,230       | 384,177       | 416,587       | 599,624       |  |
| \$ 21,188,421 | \$ 21,511,634 | \$ 22,026,026 | \$ 23,780,104 | \$ 25,450,963 | \$ 27,583,228 |  |
|               |               |               |               |               |               |  |
| \$ 99,260     | \$ 106,519    | \$ 110,400    | \$ 115,912    | \$ 136,531    | \$ —          |  |
| 5,350,421     | 5,940,629     | 6,748,829     | 7,509,810     | 8,058,954     | 8,886,628     |  |
| —             | —             | —             | —             | —             | —             |  |
| —             | —             | —             | —             | —             | 12,927        |  |
| 680           | 586           | 586           | 586           | 586           | 586           |  |
| \$ 5,450,361  | \$ 6,047,734  | \$ 6,859,815  | \$ 7,626,308  | \$ 8,196,071  | \$ 8,900,141  |  |
|               |               |               |               |               |               |  |
| \$ 26,638,782 | \$ 27,559,368 | \$ 28,885,841 | \$ 31,406,412 | \$ 33,647,034 | \$ 36,483,369 |  |